

VIA CFTC PORTAL

May 29th 2018

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH Limited Self Certification: Rule Changes making correcting and conforming amendments to the rulebook

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its rulebook provisions to ensure such provisions align with the current SwapClear environment.

Part I: Explanation and Analysis

LCH proposes to amend the FCM Procedures for trade registration facilitation by removing the Minimum Excess Requirement (MER) functionality, which is not offered in SwapClear, and clarifying that SwapClear Members can use the standing order amount. SwapClear Members may elect to maintain a minimum level of margin available to facilitate trade registration at the start of each business day (i.e., the standing order amount). In the event a member’s excess margin is less than the standing order amount, LCH will call the member for the difference. In relation to the Trade Reference Amendment Request Form, LCH is simplifying the procedures to reflect the current operational process to request such an amendment in the service. In addition LCH proposes to simplify the tax provisions specifically in relation to the withholding tax and sales tax provisions.

LCH proposes minor changes to the FCM Regulations and the General Regulations to correct references and naming conventions.

LCH proposes to clarify the SwapClear Procedures 2C Section 1 to highlight that LCH can change members fees, charges and levies by providing members no fewer than 14 days’ prior notice of any change. LCH may notify members of these changes via member circular or notification – this clarifies the notice provision in the Clearing Membership Agreement.

In addition to the above changes, LCH proposes to amend the SwapClear Procedures 2C to highlight that where a transfer request involves the transfer of contracts between two client accounts of the same clearing member, LCH will no longer require that the contracts are beneficially owned by the same client or that a registration error was made.

LCH proposes to amend the Product Specific Contract Terms and Eligibility Criteria Manual to simplify the language.

The rule changes will go live on, or after, June 13th 2018.

Part II: Description of Rule Changes

Section 2.1.3 (Registration), sub section (c) Trade Registration Facilitation of the FCM Procedures, removes references to Minimum Excess Requirements (MER) and includes a section on Standing Order Amount. Section 2.1.16 (Amendments of Trade References) of the FCM Procedures has been simplified to reflect the current operational process to request amendments to trade references in the service. Three new sections have been included in the SwapClear section of the FCM Procedures; these are section 2.1.20 (Tax Forms), section 2.1.21 (Withholding taxes) and section 2.1.22 (sales tax; value added tax) to simplify the tax provisions specifically in relation to the withholding tax and sales tax provisions in these services.

There are minor changes to the scope, Regulation 1 (definitions) and Regulation 44 (Exclusion of liability) sections of the FCM regulations to correct references and naming conventions. Similarly there are minor changes to the scope, Regulation 1 (definitions), Regulation 4 (Clearing member status of the clearing house), Regulation 19 (transactions entered into through an automated trading system or platform), Regulation 32 (Restrictions on Clearing House's Obligations and Liability), Regulation 38 (Force Majeure), Regulation 41 (Disclosure and reporting), Regulation 52 (Exclusion of Liability), Regulation 70 (Disputes and limitations of liability), Regulation 72 (Rejection of EquityClear ATP matches and of EquityClear Novation Transactions) and Regulation 114 (Rejection of Rates Exchange matches and of listed interest rates novation transactions) sections of the General Regulations to correct references and naming conventions.

Section 1.10 (Additional Requirements) of the LCH Procedures Section 1 (Clearing Member, Non Member Market Participant and Dealer Status) includes a new section called "Fees; Charges" which highlight that LCH can change members fees, charges and levies by providing members no fewer than 14 days' prior notice of any change.

Section 1.3.3 of the LCH Procedures Section 2C (SwapClear Clearing Service) removes references to MER and includes a section on Standing Order Amount. Section 1.15 (Portfolio Transfers (BAU)) removes the requirement that where a transfer request involves the transfer of contracts between two client accounts of the same clearing member, those contracts no longer require that the contracts are beneficially owned by the same client or that a registration error was made. Section 1.19 (Trade Reference Amendment Request Form) is simplified to reflect the current operational process to request such an amendment in the service. Section 1.29 (Provisions of Tax Forms: Withholding Taxes; sales tax) has been simplified specifically in relation to the withholding tax and sales tax provisions.

Section 2.1.3 and Section 2.1(c)(Minimum Residual Term of the Trade) of the Product Specific Contract Terms and Eligibility criteria manual and the FCM Product Specific Contract Terms and Eligibility criteria manual respectively has been amended to remove the notion of a maximum residual term of the trade.

The texts of the changes are attached hereto as:

- i. **Appendix I**, FCM Procedures
- ii. **Appendix II**, FCM Regulations
- iii. **Appendix III**, General Regulations
- iv. **Appendix IV**, Procedures Section 1
- v. **Appendix V**, Procedures Section 2C
- vi. **Appendix VI**, SwapClear Product Specific Contracts Terms and Eligibility Criteria Manual
- vii. **Appendix VII**, FCM Product Specific Contracts Terms and Eligibility Criteria Manual

Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Core Principles and finds that they will continue to comply with all the requirements and standards therein.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at:

<http://www.lch.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants that were not incorporated into the rule.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation § 40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at julian.oliver@lch.com.

Yours sincerely



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I
FCM Procedures



FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

2. PRODUCT-SPECIFIC PROCEDURES

Section 2 of these FCM Procedures contains certain requirements and procedures that are specific to individual Products cleared by the Clearing House. The clearing of FCM SwapClear Contracts is discussed in Section 2.1, the clearing of FCM ForexClear Contracts is discussed in Section 2.2 and the clearing of FCM Listed Interest Rates Contracts is discussed in Section 2.3.

The use of words such as “margin”, “margin account”, “margin call” and “margin run”, which are used to reflect terminology commonly used by the Clearing House, shall not be deemed to affect the intent of the Clearing House, any FCM Clearing Member or any FCM Client as to the legal characterization of transfers of Settlement Payments, Variation Settlement, Price Alignment Amount, daily settlement amounts or other similar amounts.

2.1 SWAPCLEAR

2.1.1 *The Clearing Process*

The FCM SwapClear Service is an interface that processes and stores all FCM SwapClear Transactions received from an FCM Approved Trade Source System.

(a) *FCM SwapClear Service Functions*

The following functions are performed within the FCM SwapClear Service:

- (i) processing and settlement of coupon payments;
- (ii) processing and settlement of consideration (fee) payments;
- (iii) calculation of initial margin and Variation Settlement requirements;
- (iv) calculation of ~~MER amounts and~~ SwapClear Tolerance Limits;
- (v) calculation of Price Alignment Amount;
- (vi) adjustment of cash payments to conform with opening days and the SwapClear calendars;
- (vii) allocation and designation of trades to a position-keeping account; and
- (viii) reporting of registered trades.

FCM SwapClear Transactions presented via an FCM Approved Trade Source System (i.e. new trades presented for intra-day registration or existing trades presented for overnight registration – see Section 2.1.3(e)) will, subject to meeting all requirements prescribed by the Clearing House, be processed and stored within the FCM SwapClear

clearing system. Information regarding FCM SwapClear Contracts and margin reporting will be disseminated via the Clearing House's FCM Clearing Member Reporting (see Section 2.1.1(c)).

(b) *Clearing House System Requirements*

An FCM Clearing Member must, in order to present FCM SwapClear Transactions to the Clearing House, be a user of an FCM Approved Trade Source System.

(c) *SwapClear FCM Clearing Member Reporting*

There are three methods of notification to FCM Clearing Members of FCM SwapClear Contract registrations and other information:

- (i) Report 001;
- (ii) via the FCM Approved Trade Source System; and
- (iii) via ClearLink API.

An end-user report generation and analytical capability is provided by the Clearing House to FCM Clearing Members. All FCM SwapClear reports will be disseminated via the Clearing House's secure password access FCM Clearing Member-only website. These reports are the definitive record as to registration by the Clearing House.

The Clearing House is not liable for any corruption or alteration of messages or loss of data which may take place within any FCM Approved Trade Source System.

FCM Clearing Members will be able to ~~customize and~~ produce reports either to print locally or to download in machine-readable data-file format. Queries about the FCM Clearing Member-only website should be directed to the Clearing House's Service Desk at +44 (0)20 7426 7200.

The terminology used in a report in respect of Margin, Variation Settlement, daily settlement amounts or Price Alignment Amount may reflect terminology commonly used in the industry. Such terminology shall not affect the interpretation or construction of any provisions or terms of the FCM Regulations or FCM Procedures.

(d) *Clearing House Reporting*

The Clearing House (acting, where applicable, through the entity to which it has elected to delegate the relevant reporting obligations) shall, to the extent required by (and in line with the requirements of) Applicable Law (including Parts 43 and 45 of the CFTC Regulations, and applicable requirements under English law), report to one or more data or trade repositories (including swap data repositories) or similar body the details of all ~~FCM SwapClear Transactions and~~ FCM

SwapClear Contracts, including any modifications or terminations without duplication and no later than the working day following the conclusion, modification or termination of such contract, in each case as required by Applicable Law. In order to avoid any such duplication of reports, each FCM Clearing Member acknowledges and agrees that it will not report the details referred to in this paragraph to the bodies referred to in this paragraph, unless otherwise agreed with the Clearing House.

For purposes of reporting obligations to the CFTC, FCMs may only report details of FCM SwapClear Contracts, including terminations and modifications to an FCM SwapClear Contract, to an Approved LCH SDR. A list of Approved LCH SDRs is available on the Clearing House's website. In the event an FCM wishes to report details of FCM SwapClear Contracts to a swap data repository that is not an Approved LCH SDR, the FCM must provide the Clearing House with reasonable prior notice of the date on which it wishes to report to such swap data repository.

FCMs must inform their respective FCM Clients of the list of Approved LCH SDRs, and inform such FCM Clients that the Clearing House is only able to report details of an FCM SwapClear Contract to an Approved LCH SDR.

In accordance with CFTC Part 45 requirements (where the FCM has a reporting obligation), FCMs must provide the Clearing House (i) the USI of the original swap that is submitted to the Clearing House for registration and (ii) the LEI of the original swap SDR (i.e., "OriginalSwapRepository" or equivalent field) to enable the Clearing House to accurately report the termination of the original swap to the appropriate SDR.

(e) *Inflation Swap Data*

Pursuant to, and subject to the terms and conditions of, Regulation 60A of the UK General Regulations, certain SwapClear Clearing Members provide Market Data (as such term is defined in the UK General Regulations) to the Clearing House and the Clearing House is expressly authorized to use such Market Data to create Inflation Derived Data. Pursuant to, and subject to the terms and conditions of, Regulation 60A of the UK General Regulations, the Clearing House may disclose or furnish Inflation Derived Data to third parties on terms to be determined by the Clearing House in its sole discretion. In the event that the Clearing House provides Inflation Derived Data to an FCM Clearing Member, upon such provision, it grants such FCM Clearing Member, and such FCM Clearing Member agrees to be bound by the terms of, a limited, worldwide, non-exclusive, non-transferable, non-sublicensable, revocable license (the "**License**") permitting the FCM Clearing Member to use the Inflation Derived Data solely for the purposes of such FCM Clearing Members' internal settlement and risk management activities in relation to Inflation SwapClear Contracts

In exceptional circumstances, where an FCM Clearing Member experiences technical issues such that it is unable to accept or reject an FCM Notification, it may contact the Clearing House via email to request that an FCM SwapClear Transaction to which an FCM Notification relates be accepted or rejected on its behalf. In such circumstances, and unless the Clearing House notifies the FCM Clearing Member otherwise, the Clearing House will manually accept or reject the FCM SwapClear Transaction on behalf of the requesting FCM Clearing Member and will confirm registration or rejection of the FCM SwapClear Transaction via email. In the event that an FCM Clearing Member requests the manual acceptance or rejection of an FCM SwapClear Transaction it shall ensure that such acceptance is requested by appropriately authorized personnel. The Clearing House shall have no liability in the event that an FCM Clearing Member suffers a loss through the unauthorised manual acceptance or rejection of an FCM SwapClear Transaction.

(c) *Trade Registration Facilitation: SwapClear Tolerance and ~~Minimum Excess Requirement (“MER”)~~ Standing Order Amount*

In order to facilitate the registration of new FCM SwapClear Transactions by FCM Clearing Members, the Clearing House ~~may require the furnishing of additional Margin from those FCM Clearing Members participating in the MER Arrangements (as defined below) at the relevant time and~~ may offer SwapClear Tolerance on a daily basis, as further described below.

The Clearing House will set ~~MER requirements (where applicable) and~~ SwapClear Tolerance Limits (as defined below) based on a number of factors, including an FCM Clearing Member's credit rating, ~~and~~ risk profile and, an analysis of the incremental risk registered by an FCM Clearing Member during an historic look-back period ~~and, in the case of the overall value of the SwapClear Tolerance which may be made available to an FCM Clearing Member, whether the FCM Clearing Member is a participant in the MER Arrangements at the relevant time.~~ However, the Clearing House sets ~~MER requirements and~~ SwapClear Tolerance Limits in its sole discretion, and may modify its methodologies at any time or may vary it across different FCM Clearing Members.

SwapClear Tolerance:

If an FCM Clearing Member has not furnished sufficient Margin to enable the registration of an FCM SwapClear Contract, then the Clearing House may provide such FCM Clearing Member with temporary “tolerance” in the form of Initial Margin forbearance (“**SwapClear Tolerance**”) to enable such registration. An FCM Clearing Member may utilize SwapClear Tolerance in between margin runs on a one-to-one basis to the value of the Initial Margin that would have been required to cover that FCM Clearing Member's Initial Margin requirements for newly registered FCM SwapClear Contracts

registered in between margin runs. For the avoidance of doubt, SwapClear Tolerance is provided in the form of temporary Initial Margin forbearance and an FCM Clearing Member's utilization of SwapClear Tolerance does not give rise to any payment or transfer of Collateral by the Clearing House or result in any use of Default Fund resources (except following a default).

The Clearing House will determine, in its sole discretion, the maximum value of the SwapClear Tolerance (which may be zero) (the “**SwapClear Tolerance Limit**”) which it will make available to an FCM Clearing Member at any particular time. SwapClear Tolerance is made available by the Clearing House to an FCM Clearing Member at the Clearing House's sole discretion. The Clearing House may adjust the value of an FCM Clearing Member's SwapClear Tolerance Limit, and/or require an FCM Clearing Member to provide Initial Margin in respect of any utilized SwapClear Tolerance, at any time and without prior notice to the relevant FCM Clearing Member. The Clearing House will provide each FCM Clearing Member with information regarding its SwapClear Tolerance Limit and will, as promptly as reasonably practicable, notify it following any adjustment to the amount of its SwapClear Tolerance Limit. Subject to the above, an FCM Clearing Member will typically be required to furnish Initial Margin in respect of any SwapClear Tolerance utilized by it in the margin run immediately following the time of the relevant registration of an FCM SwapClear Contract where SwapClear Tolerance was utilized.

Any failure of an FCM Clearing Member to satisfy an Initial Margin call relating to utilized SwapClear Tolerance may give rise to a Default in respect of such FCM Clearing Member, just as any failure by an FCM Clearing Member to satisfy any other type of Initial Margin call may give rise to a Default.

Standing Order Amount:

To facilitate the registration of SwapClear Transactions, an FCM Clearing Member may elect to maintain a minimum level of Available FCM Buffer with the Clearing House at the start of a Business Day (such amount, the “**Standing Order Amount**”). The Clearing House may approve such election in its sole discretion. Upon the effectiveness of such election, if, at the end of a Business Day, the amount of a given FCM Clearing Member's Available FCM Buffer is less than the Standing Order Amount, the Clearing House will call the FCM Clearing Member for an amount of cash Collateral equal to the difference. Any amount so called and received by the Clearing House pursuant to this section shall constitute FCM Buffer of the given FCM Clearing Member.

The form and manner of an election by an FCM Clearing Member pursuant to this section shall be determined by the Clearing House in its sole discretion (a “**Standing Order Request**”). In the event an

FCM Clearing Member wishes to rescind or modify its Standing Order Request, it must contact the Clearing House's Client Services Department (swapclearclientservices@lch.com). The Clearing House may reduce the Standing Order Amount or terminate a Standing Order Request in its sole discretion.

Through submitting a Standing Order Request, an FCM Clearing Member warrants that the individual making the request on behalf of the FCM Clearing Member is appropriately authorized to do so.

~~Minimum Excess Requirement (“**MER**”):~~

~~The Clearing House has put in place arrangements (the “**MER Arrangements**”) (which will be optional for FCM Clearing Members) under which it will be able to call from each relevant FCM Clearing Member an amount of Margin (the “**MER Cover**”), in respect of that FCM Clearing Member's potential Margin requirements (with respect to the registration of FCM SwapClear Contracts) for the following day.~~

~~The Clearing House will calculate MER for each participating FCM Clearing Member using the same methodology and will publish such methodology to FCM Clearing Members. The Clearing House will provide 30 days' notice before implementing any changes to the methodology used for calculating MER.~~

~~FCM SwapClear Clearing Members are not required to participate in the MER Arrangements unless and until they elect to do so. In the event that an FCM Clearing Member wishes to change its participation status (the “**Participation Status**”) from opting in to the MER Arrangements to opting out, or vice versa, it should contact the Clearing House to request applicable documentation (swapclear.clientservices@lch.com). Changes in Participation Status are processed at the end of each month. All relevant documentation must be completed and returned to the Clearing House no later than 5 Business Days prior to the end of the month preceding the month to which the change in Participation Status applies. An FCM Clearing Member's Participation Status will remain unchanged until the Business Day following the day that the Clearing House confirms via email that the change in Participation Status has been processed. The Clearing House shall be entitled to treat the Participation Status of an FCM Clearing Member as continuing unchanged from month to month until such time as appropriate notice is received from such FCM Clearing Member and processed by the Clearing House in accordance with the provisions of this paragraph.~~

~~Each FCM Clearing Member participating in the MER Arrangements will be called for MER Cover separately in respect of its Proprietary Account and/or its FCM Omnibus SwapClear Client Account with LCH. MER Cover is part of an FCM Clearing Member's required~~

~~Initial Margin. Hence, for the avoidance of doubt, failure to furnish MER Cover when required by the Clearing House will constitute a breach of these FCM Procedures and the FCM Regulations. MER Cover deposited to an FCM Omnibus SwapClear Client Account with LCH is credited to its FCM Buffer Sub Account, and treated as FCM Buffer. Any FCM Buffer (but not including Encumbered FCM Buffer) maintained in an FCM Omnibus SwapClear Client Account with LCH at End of Day is credited towards the satisfaction of any MER requirements applicable to such account during the End of Day margin run.~~

~~As FCM SwapClear Contracts are registered to an FCM Clearing Member's relevant accounts, the Clearing House will apply any available MER Cover (which is treated as FCM Buffer when held in an FCM Omnibus SwapClear Client Account with LCH) as Initial Margin in respect of such newly registered FCM SwapClear Contracts prior to utilizing any available SwapClear Tolerance (if any).~~

~~At each End of Day margin run, the Clearing House will recalculate and call, on an account by account basis, Required Margin in respect of the MER requirements applicable to each FCM Clearing Member participating in the MER Arrangements on such day.~~

(d) *SwapClear FCM Approved Trade Source Systems and FCM Trading Venues*

(i) FCM Approved Trade Source Systems

Application for FCM Approved Trade Source System status shall be made in accordance with the policies published from time to time on the Clearing House's website. A list of FCM Approved Trade Source Systems currently approved by the Clearing House is available on the Clearing House's website. Where the Clearing House approves additional FCM Approved Trade Source Systems, it will notify FCM Clearing Members via member circular.

FCM SwapClear Transactions presented through an FCM Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any FCM SwapClear Transaction details by that FCM Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FCM Clearing Members and that FCM Approved Trade Source System.

any other aspect of the services provided by any FCM Trading Venue or the timeliness or otherwise of the delivery of any FCM SwapClear Transaction details by that FCM Trading Venue. Such matters form part of the relationship between the FCM Clearing Members and that FCM Trading Venue.

The Clearing House will process any FCM SwapClear Transaction reported to it by an FCM Trading Venue on an “as is” basis, and subject to the FCM Rulebook, may register any FCM SwapClear Contract arising from such FCM SwapClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and the relevant FCM Trading Venue. The Clearing House has no obligation to verify that the details received properly reflect the trade entered into by the relevant Executing Parties or that the FCM Trading Venue is correctly applying the format messages or classifications that the Clearing House has prescribed.

The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Trading Venue to the Clearing House or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM SwapClear Contract on the basis of incorrect or corrupted data recorded by it or sent to it by an FCM Trading Venue, the FCM Clearing Member concerned shall be bound by the terms of such FCM SwapClear Contract. The Clearing House shall use its reasonable endeavors to assist the relevant FCM Clearing Members in re-registering the trade on the correct basis but the Clearing House shall not be liable to the FCM Clearing Member or anyone else with regard to the registration (or lack of registration or re-registration) of any such FCM SwapClear Contract.

(e) *Registration of New Trades and Backloaded Trades*

(i) New Trades:

The following section does not apply to Backloaded Trades, which are dealt with in Section 2.1.3(e)(ii) below.

As a precondition of registering an FCM SwapClear Contract resulting from an FCM SwapClear Transaction other than a Sub-Block Trading Venue Transaction, the Clearing House will require the FCM Clearing Member in whose name such FCM SwapClear Contract is to be registered to furnish to the Clearing House sufficient Margin and other Required Registration Amounts in respect of such FCM Contract as of the time of its “submission” or “deemed submission” of such FCM SwapClear Transaction. In determining whether sufficient Margin for registration is available, the Clearing House will take into account any Available FCM Buffer, ~~MER~~ and SwapClear Tolerance. Available FCM Buffer or MER will always be applied prior to taking into account any available SwapClear Tolerance. In respect of an FCM SwapClear Contract resulting from an FCM SwapClear Transaction

An FCM SwapClear Transaction that has a Trade Date of greater than ten calendar days prior to the date of presentation of such FCM SwapClear Transaction to the Clearing House for registration is considered a backloaded trade by the Clearing House (a “**Backloaded Trade**”). Due to the nature of Backloaded Trades, FCM Clearing Members should note that a relatively large amount of Required Registration Amounts (including Margin) are required in order to register such trades. The Clearing House provides the facility for FCM Clearing Members to load such eligible existing FCM SwapClear Transactions, through an FCM Approved Trade Source System. Where the Clearing House approves additional FCM Approved Trade Source Systems for these purposes, it will notify FCM Clearing Members via member circular. Backloading requires bilateral agreement between the relevant Executing Parties and acceptance by the FCM Clearing Member(s) and the SwapClear Clearing Member, if any, of the full particulars required by the Clearing House for each such FCM SwapClear Transaction.

At least once every Business Day, the Clearing House will carry out a process for the registration of Backloaded Trades (each, a “**Backload Registration Cycle**”) which have been presented for clearing or with respect to which the Clearing House has received the one or more FCM Acceptances, if any. Following each Backload Registration Cycle, the Clearing House will calculate the increase in Required Margin as well as any other Required Registration Amounts required to be furnished to register the Backloaded Trade(s) and will notify each relevant FCM Clearing Member (the “**Backload Call**”). The Backload Call will be for the entire amount of Collateral calculated by the increase in required Margin and any other Required Registration Amounts required in connection with the Backloaded Trades, and the Backload Call cannot be satisfied by and will not take into account SwapClear Tolerance (i.e. SwapClear Tolerance is not available for this purpose) or any available ~~MER Cover or~~ FCM Buffer (other than that which has been expressly allocated for that purpose, as described in the paragraph below). In connection with a Backload Call, following the time that an FCM Clearing Member is required to furnish the Clearing House with the Margin and other Required Registration Amounts associated with such Backload Call (the “**Backload Call Deadline**”), the Clearing House will issue such FCM Clearing Member with a subsequent margin call to furnish Margin and any other Required Registration Amounts in respect of any SwapClear Tolerance utilisation as of the time of the Backload Call Deadline (if any).

Where an individual FCM Clearing Member determines that the Backloaded Trade(s) that it is presented for registration will lead to an aggregate change in the net present value of its portfolio of FCM SwapClear Contracts in excess of a threshold amount (the “**Individual Backload Value Threshold**”) as published by the Clearing House from time to time, it shall notify the Clearing House before the end of

the UK General Regulations and UK General Procedures will apply with respect to such registration of the Non-FCM SwapClear Contract.

The Clearing House shall publish the following via member circular:

- (A) times of Backload Registration Cycles;
- (B) the Individual Backload Value Threshold; and
- (C) the Aggregate Backload Threshold.

(f) *Notification*

In respect of an FCM SwapClear Transaction which is:

- (i) an FCM Trading Venue Transaction, the Clearing House will notify the FCM Clearing Members, the FCM Trading Venue and (if the FCM Approved Trade Source System is different to the FCM Trading Venue) the originating FCM Approved Trade Source System of registration or rejection of the FCM SwapClear Transaction (as applicable); and
- (ii) not an FCM Trading Venue Transaction, the Clearing House will notify the FCM Clearing Members (via the originating FCM Approved Trade Source System or the ClearLink API) of registration or rejection of the FCM SwapClear Transaction (as applicable),

in each case within the required timeframe under all Applicable Law.

(g) *Rejected Trades*

Trades presented for registration that do not meet the FCM SwapClear Product Eligibility Criteria or any other requirements for registration under the FCM Rulebook, including a trade (i) presented by or on behalf of an FCM Clearing Member in respect of a third party Executing Party where such trade was executed on an FCM Trading Venue that was not at the time of execution of such trade an FCM Eligible Trading Venue in respect of such FCM Clearing Member, (ii) presented by or on behalf of an FCM Clearing Member that was executed on a trading venue or facility that had not at the time of the execution of such trade been approved by the Clearing House as an FCM Trading Venue, (iii) which contains invalid or incomplete message data, or (iv) that is not a Sub-Block Trading Venue Transaction and with respect to which the Clearing House has not been furnished with sufficient Collateral (taking into account ~~MER and/or~~ SwapClear Tolerance, if any) and other Required Registration Amounts will, in each case, be rejected.

If an FCM SwapClear Transaction is presented to the Clearing House for registration and rejected, such FCM SwapClear Transaction may be re-presented for registration in the form of a new FCM SwapClear

Transaction but with the same economic terms in accordance with, and subject to, the FCM Rulebook and Applicable Law, and such FCM SwapClear Transaction will, for the purposes of the FCM Rulebook and upon such re-presentation, constitute a new FCM SwapClear Transaction.

(h) Package Transactions

In certain circumstances an FCM Clearing Member may, via an FCM Approved Trade Source System, present to the Clearing House, in a single submission, a group of two or more FCM SwapClear Transactions for simultaneous registration (such group of FCM SwapClear Transactions, a “**Package Transaction**”). A Package Transaction must be identified to the Clearing House at the time of its presentation in the format prescribed by the Clearing House. Where the Package Transaction is not presented in the prescribed format, each constituent FCM SwapClear Transaction within the Package Transaction will be rejected.

Where the Clearing House receives a Package Transaction for registration it shall treat each FCM SwapClear Transaction that forms part of the Package Transaction as a new FCM SwapClear Transaction in accordance with the FCM Rulebook and, where each constituent FCM SwapClear Transaction within the Package Transaction meets the registration requirements as set out in the FCM Rulebook (including an FCM Acceptance and the provision of Collateral and other Required Registration Amounts, where applicable), the Clearing House will simultaneously register all of the FCM SwapClear Transactions within that Package Transaction. Where one or more of the constituent FCM SwapClear Transactions does not meet the Clearing House’s registration requirements then all the constituent FCM SwapClear Transactions of the Package Transaction shall be rejected.

Where a constituent FCM SwapClear Transaction of a Package Transaction is an FCM Eligible Trading Venue Transaction, it is a condition of registration that all of the constituent FCM SwapClear Transactions of such Package Transaction be FCM Eligible Trading Venue Transactions. Where such condition is not met, all constituent FCM SwapClear Transactions of the Package Transaction will be rejected. In respect of a Package Transaction comprising FCM SwapClear Transactions that are not executed on an FCM Trading Venue, the Clearing House will send an FCM Notification to the relevant FCM Clearing Member(s) for the acceptance of each such constituent FCM SwapClear Transaction.

In respect of a Package Transaction presented in an FCM Clearing Member’s name, such FCM Clearing Member’s requirement to furnish Margin and other Required Registration Amounts will be assessed based on the net Margin call for all of the constituent FCM SwapClear Transactions of such Package Transaction. Where one or more of the constituent FCM SwapClear Transactions in a Package Transaction is

not a Sub-Block Trading Venue Transaction, the relevant FCM Clearing Member is required to provide the Clearing House with sufficient Collateral prior to registration of the entire Package Transaction as a condition thereto (taking into account, with respect to Collateral, ~~MER~~ and/or SwapClear Tolerance, if any).

The Clearing House may limit the number of FCM SwapClear Transactions that may be included in a Package Transaction by way of member circular.

2.1.4 *Allocation Notices*

In respect of an Allocation Notice, the Clearing House will notify the relevant Pre-Allocation FCM Clearing Member and Post-Allocation FCM Clearing Member via member reports, the ClearLink API or otherwise, that an Allocation Notice has been submitted to allocate some or all of notional value of an Unallocated FCM SwapClear Contract from the FCM SwapClear Suspension Sub-Account of that Pre-Allocation FCM Clearing Member to the Client Segregated Sub-Account or Proprietary Account of the Post Allocation FCM Clearing Member.

Following receipt of this notification, a Pre-Allocation FCM Clearing Member or Post-Allocation FCM Clearing Member may choose to accept or refuse to register the Allocation Notice as if such Allocation Notice were a new FCM SwapClear Transaction, as described above.

2.1.5 *Position Accounts*

(a) *FCM Accounts*

For identification purposes each FCM Clearing Member is assigned a unique three-character mnemonic with respect to its accounts relating to FCM SwapClear Contracts. An FCM Clearing Member's position and financial information are further identified by a single character code: C for client business; and H for house business.

(b) *Position-Keeping Accounts*

FCM Clearing Member Accounts

The account types are: H for house business (Proprietary Account); and C for segregated client business (an FCM Omnibus SwapClear Client Account with LCH). An FCM Clearing Member's FCM SwapClear Contract positions are also recorded within the FCM SwapClear clearing system in SwapClear accounts.

All registered FCM SwapClear Contracts will be identifiable to FCM Clearing Members and FCM Clients, as applicable via SwapClear FCM Clearing Member Reporting (see Section 2.1.1(c)). All registered FCM SwapClear Contracts will be maintained only in

Position-keeping Account	Financial Account	
		Margin Flows
	Client L	LCH SwapClear Client Segregated Depository Account used for Variation Settlement Flows

The C account is a Cleared Swaps Customer Account as defined in Part 22 of the CFTC Regulations.

(b) *Other Financial Accounts*

The Clearing House may, at its discretion, open further financial accounts.

(c) *Default Fund (DF) Account*

Each FCM Clearing Member's Contribution is held in a separate financial account. The DF account code is "F".

2.1.7 *FCM SwapClear Contract Valuation*

(a) *Net Present Value*

The Clearing House will calculate the Net Present Value (NPV) of each eligible FCM SwapClear Contract using the Clearing House's zero coupon yield curves.

It is a condition of registration that sufficient Margin and other Required Registration Amounts, as determined by the Clearing House, are furnished to the Clearing House to cover the Clearing House's Margin requirement for each FCM SwapClear Transaction (taking into account, for these purposes, ~~MER and/or~~ SwapClear Tolerance, if any) and other amounts required by the Clearing House to register the FCM SwapClear Contract, except that such Required Registration Amounts shall not be required to be furnished prior to registration as a condition thereto if such FCM SwapClear Transaction is a Sub-Block Trading Venue Transaction.

All FCM SwapClear Contracts credited to an FCM Clearing Member will, on submission to the Clearing House, be marked-to-market, in accordance with FCM Regulation 47 (*Daily Settlement of FCM SwapClear Contract and FCM ForexClear Contracts*). Except as expressly provided herein, the amount of Variation Settlement determined to be owing pursuant to FCM Regulation 47 must, subject to Intra-day Registration (see Section ~~2.1.3(e)~~ 2.1.3(e)) and the netting provisions of FCM Regulation 47), be paid by the FCM Clearing Member or the Clearing House, as applicable, in cash in the currency

2.1.10 *Intra-Day Margin Call: Collateral Management*

(a) *General – Intra-day Margining*

Following an intra-day margin call and unless notified otherwise by an FCM Clearing Member at the time of an intra-day margin call the Clearing House will deduct cash, in the appropriate currency, directly from the relevant FCM Clearing Member's PPS account to cover the Margin needed to meet that intra-day margin call.

Cash payments in respect of intra-day Margin requirements are accepted only in USD by the Clearing House.

It is the responsibility of the FCM to ensure that they have sufficient cash funds in place with their PPS bank(s) in order to avoid any intra-day liquidity issues.

2.1.11 *Compression*

(a) Pursuant to FCM Regulation 46(m) (*Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts*), an FCM Clearing Member may compress existing FCM SwapClear Contracts in accordance with that FCM Regulation. There are two options available to an FCM Clearing Member that wishes to compress existing FCM SwapClear Contracts:

- (i) an FCM Clearing Member can request that all FCM SwapClear Contracts entered into (i) on behalf of a designated FCM Client or (ii) in such FCM Clearing Member's Proprietary Account be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the FCM Clearing Member after the applicable scheduled compression run) until the FCM Clearing Member notifies the Clearing House to discontinue such compression of FCM SwapClear Contracts. FCM Clearing Members should contact the Clearing House's Membership Department to request such a compression of FCM SwapClear Contracts; or
- (ii) an FCM Clearing Member may notify the Clearing House directly through the ClearLink API, specifying which FCM SwapClear Contracts should be compressed. Additionally, an FCM Clearing Member may provide such notice to the Clearing House through any FCM Approved Trade Source System previously approved for this purpose by the Clearing House, but only where the compression is by way of netting in respect of one or more pairs of FCM SwapClear Contracts that have substantially the same Economic Terms ~~and fixed rate~~ but for which the position of the FCM Clearing Member (on its own behalf or on behalf of the relevant FCM Client) is (x) in the opposite direction on each leg of such pair (i.e., obligations

- (v) the Clearing House has not rejected the Economic Amendment Request for that Economic Amendment, acting in its sole and absolute discretion.

2.1.16 *Amendment of Trade References*

~~Sometimes~~An FCM Clearing Member ~~mays~~ wish to change ~~their~~its own trade reference numbers/codes by which they identify trades registered in the FCM SwapClear Service. Subject to any such FCM Clearing Member meeting all the Clearing House's requirements, including those set forth in paragraph (a) below and under these FCM Procedures, the Clearing House will, as part of its service to FCM Clearing Members, amend its records in order to reflect any such change. Such change has no effect whatsoever on the terms of any registered FCM SwapClear Contract or any other obligations of the FCM Clearing Member party to such contract.

(a) *Trade Reference Amendment Request Form*

FCM Clearing Members may submit a request to the Clearing House to amend a trade reference (either on behalf of the given FCM Clearing Member or an FCM Client) (a "Trade Amendment Request"). Trade Amendment Requests must be submitted in the form and manner prescribed by the Clearing House from time to time, and may be approved by the Clearing House in its sole discretion. Upon approval by the Clearing House, Trade Amendment Requests will typically be processed within two Business Days. In the event the Clearing House is unable, or determines it will be unable, to process an approved Trade Amendment Request within two business days, it shall attempt to notify the given FCM Clearing Member as soon as reasonably practicable.

(b) *Processing*

The Clearing House shall reject a Trade Amendment Request in the event that:

- (i) it is not made in accordance with these FCM Procedures;
- (ii) any trade reference submitted in the Trade Amendment Request does not (a) match the FCM Clearing Member's trade reference in the Clearing House's books and records or (b) refer to a trade registered in the FCM SwapClear clearing system;
- (iii) any trade reference submitted in the Trade Amendment Request is not recorded by the Clearing House against the BIC code of the FCM Clearing Member requesting the amendment; or
- (iv) it determines it advisable, in its sole discretion, for risk, legal, technical, cost or similar considerations.

Upon processing a Trade Amendment Request, the Clearing House will notify the given FCM Clearing Member and will produce a report

setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new FCM Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request. All records of the Clearing House and data held in the FCM SwapClear clearing system will then be updated overnight following the close of the given Business Day.

~~The Clearing House requires a completed Trade Amendment Request Form (in the form prescribed by the Clearing House) to be submitted by any FCM Clearing Member wishing to amend a trade reference. The form must be signed by two persons from within the FCM Clearing Member with appropriate signing authority and must set out the required full details of each registered trade in respect of which the FCM Clearing Member wishes to change its trade reference. Evidence of such signing authority may be required by the Clearing House. All parts of the form must be properly and fully completed, including the requested date for trade reference amendment, and, in respect of each trade identified therein, details of the current trade reference and the new trade reference and the Clearing House trade reference number.~~

~~The requested date for trade reference amendment must be no earlier than two Business Days (the “**Trade Reference Amendment Notice Period**”) after the date upon which the form is received by the Clearing House. While the Clearing House will do what it reasonably can to meet the requested date for the amendment it is under no obligation to do so. The date for the amendment in the Clearing House's records and FCM SwapClear clearing system is a matter entirely within the discretion of the Clearing House and the FCM Clearing Member will be advised in due course of the date set by the Clearing House.~~

~~(b) — *Multi-trade Amendments*~~

~~If an FCM Clearing Member requests amendment to several trades it must (in addition to providing the hard copy Trade Reference Amendment Request Form) provide to the Clearing House an electronic text file containing all the relevant details required by the Trade Reference Amendment Request Form. Detail of the required formats of the file can be obtained from SwapClear Operations (Tel: +44 (0) 20 7426 7697). If the file is not submitted in the correct format and containing all the required details, the request for deletion will be rejected by the Clearing House and the FCM Clearing Member will be advised accordingly.~~

~~*Processing*~~

~~The Clearing House will usually agree to process any request for amendment of trade reference properly submitted; however the Clearing House will reject any such request if:~~

~~it is not made in accordance with these FCM Procedures;~~

~~any trade reference notified to the Clearing House in the Trade Reference Amendment Request Form does not match the FCM Clearing Member's trade reference which the Clearing House has recorded;~~

~~the Clearing House trade reference number notified in the Trade Reference Amendment Request Form does not refer to a trade registered in the FCM SwapClear clearing system;~~

~~any trade referred to in the Trade Reference Amendment Request Form is not already registered in the FCM SwapClear clearing system or is not recorded by the Clearing House against the BIC code of the FCM Clearing Member requesting the amendment; or~~

~~it would not be practical in all the circumstances or would subject the Clearing House to unacceptable cost if the Clearing House were to make the requested amendments or the Clearing House forms the view that to do so would adversely affect its risk.~~

~~Following notification of agreement to make the requested amendments, the Clearing House will use its reasonable efforts to process the amendments on the anticipated date of amendments; if, for whatever reason the Clearing House is unable to do so, it will notify the FCM Clearing Member and process the amendment as soon as reasonably practicable thereafter.~~

~~After close of business of the day of processing, the Clearing House will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new FCM Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request – namely “amended” or “rejected”. All records of the Clearing House and data held in the FCM SwapClear clearing system will then be updated overnight following the close of business on that day.~~

Legal Documentation

~~The Clearing House will provide the requesting FCM Clearing Member with legal documentation in Clearing House standard form for that FCM Clearing Member to sign. No trade reference will be amended unless such documentation is completed and signed. The documentation must be signed by a person within the FCM Clearing Member with appropriate signing authority. Evidence of such authority may be required by the Clearing House. No amendment to such documentation will be accepted by the Clearing House.~~

Notification

~~Subject to the requesting FCM Clearing Member meeting all the Clearing House's requirements (including completion and submission of all documentation and such other additional requirements as the Clearing House may be set by the Clearing House in its discretion), the Clearing House will notify the FCM Clearing Member of its agreement to the amendment of its records of the FCM Clearing Member trade reference in respect of the trades identified in the Trade Reference Amendment Request Form, and advise of the anticipated date of amendment (the “**anticipated date of amendment**”).~~

2.1.17 *Default Management*

(a) *Portfolio Splitting:*

As part of the Rates Service DMP, the Clearing House may divide an Auction portfolio into two or more individual Auction Portfolios. In circumstances where such portfolio splitting is adopted, the Clearing House will, in consultation with the Rates Service DMG (which, as defined in the Default Rules, refers to the advisory Default Management Group established by the Clearing House pursuant to the terms of the Rates Service DMP Annex to the Default Rules), seek to create:

- (i) one or more individual Sub-portfolios which have comparatively greater levels of risk associated with them, thereby isolating such Sub portfolios from those which are more risk neutral; and
- (ii) one or more individual Sub portfolios which are more risk neutral.

(b) *Acceptance of Bids*

In deciding whether to accept a bid, the Clearing House will generally accept the best bid in respect of any individual Auction. However, the Clearing House is entitled to reject a bid in the event that it considers, in its reasonable discretion that accepting the bid may:

- (i) cause the Clearing House to breach Applicable Law by virtue of its being a Recognised Clearing House or a Derivatives Clearing Organization;
- (ii) cause the Clearing House or its membership any reputational harm;
- (iii) cause legal action or proceedings to be taken against the Clearing House;
- (iv) endanger the Clearing House, any of its clearing members or the financial markets in which the Clearing House operates.

House's execution or performance of the FCM Clearing Membership Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM SwapClear Contract) by any such jurisdiction.

2.1.19 ***Section 696, Corporation Tax Act 2009***

The FCM Clearing Member agrees that should a situation arise where HM Revenue and Customs (“HMRC”) raises an enquiry, or makes an information request, to the Clearing House regarding an FCM Transaction or FCM Contract that the FCM Clearing Member is submitting (or has submitted) to the Clearing House, and that enquiry or information request is in respect of the application of s696 - s697 Corporation Tax Act 2009, the FCM Clearing Member will use its reasonable efforts to provide such information and support as the Clearing House may reasonably require in order to respond to and effectively deal with the queries raised by HMRC.

2.1.20 ***Tax Forms***

The Clearing House and each FCM Clearing Member shall provide to the other party (i) any form or document specified in the given FCM Contract and (ii) any form, document, statement or certification (including, in the case of the Clearing House, an Internal Revenue Service Form W-8BEN) reasonably requested in writing to permit the Clearing House or FCM Clearing Member, as applicable, to make any payment under the Clearing House’s rules or any FCM Contract without withholding for any tax, levy or charge. The foregoing requirement shall not apply in the event the Clearing House or FCM Clearing Member is not permitted to deliver such form, document, statement or certification under Applicable Law (including any double-tax treaty).

2.1.21 ***Withholding Taxes***

In the event an FCM Clearing Member is required under Applicable Law to withhold an amount in respect of any tax, levy or charge from any payment made to the Clearing House, (i) such amount payable shall be increased such that the Clearing House receives an amount equal to that it would have received had such withholding not been required under Applicable Law and (ii) the FCM Clearing Member shall provide the Clearing House the relevant tax certificates (or similar form) confirming the payment of such withholding.

The Clearing House shall provide reasonable cooperation to the given FCM Clearing Member to ensure that payments made to the Clearing House may be made without deduction or withholding in respect of any tax, levy or charge.

2.1.22 ***Sales Tax; Value Added Tax***

All fees and other payments payable under the Clearing House’s rules are exclusive of sales tax, purchase or turnover tax, levies, duties and their equivalent in each jurisdiction, which, if applicable, shall be payable by FCM Clearing Members at the applicable rate in force at the given time.

2.1.202.1.23 **Prescribed Terms**

Pursuant to FCM Regulation 7 the Clearing House may prescribe certain provisions that an FCM Clearing Member must include in its agreement with an FCM Client.

Where an FCM Clearing Member provides FCM Clearing Services to an FCM Client that is a registered investment company, as defined in the Investment Company Act of 1940, it shall include provisions in its agreement with that FCM Client to the following effect:

- (a) the FCM Clearing Member shall comply with Applicable Law relating to the segregation of FCM Client Funds including without limitation Part 22 of the CFTC Regulations;
- (b) FCM Client Funds delivered by the FCM Client shall be held in accordance with the CEA and the CFTC Regulations and the FCM Clearing Member shall obtain an acknowledgement, to the extent required by Parts 1.20 and 22 of the CFTC Regulations, that those FCM Client Funds are being held in accordance with the CEA and the CFTC Regulations;
- (c) the FCM Clearing Member will promptly furnish copies of or extracts from its records or such other information pertaining to the FCM Client's assets as the Securities Exchange Commission, through its employees or agents, may request;
- (d) any gains on FCM SwapClear Contracts held on behalf of an FCM Client (other than de minimus amounts) may be maintained by the FCM Clearing Member only until the next Business Day following receipt;
- (e) the FCM Client has the ability to withdraw its assets from the FCM Clearing Member as soon as reasonably practicable if the FCM Clearing Member's or the Clearing House's custody of FCM Client Funds no longer meets the requirements of Rule 17f-6 under the Investment Company Act of 1940.

2.1.212.1.24 **FCM Portfolio Margining Service**(a) *Introduction*

The Clearing House offers FCM Clients of FCM Clearing Members an optional service ("**FCM Portfolio Margining Service**") that provides portfolio-margining functionality in respect of pairs of accounts that are held in the FCM SwapClear Clearing Service and FCM Listed Interest Rates Clearing Services by transferring FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts between accounts in each Service (such transferred FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts, "**FCM Portfolio Margined Contracts**").

A list of FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts is published on the Clearing House's website from time to time.

An FCM Joint Rates Service Clearing Member must opt-in to the FCM Portfolio Margining Service in accordance with the procedure set out in paragraph ~~2.1.24(b)~~~~2.1.19(b)~~ below and meet the FCM Portfolio Margining Eligibility Criteria (as defined below) in order to benefit from the portfolio-margining functionality provided by the service. However, it should be noted that, regardless of whether or not an FCM Joint Rates Service Clearing Member opts in, the FCM SwapClear Clearing Service and the FCM Listed Interest Rates Clearing Services share a common default fund. Accordingly, the risk profile of participating in either one of such Services may be impacted by other FCM Clearing Members participating in the other such Service. In particular, the resources of an FCM Clearing Member that is a member of the FCM SwapClear Clearing Service and the FCM Listed Interest Rates Clearing Services will be made available to cover the Clearing House's losses in a different manner to those of an FCM Clearing Member that is only a member of one of those Services, regardless of whether that FCM Clearing Member opts-in to the FCM Portfolio Margining Service. FCM Clearing Members should therefore familiarise themselves with the provisions of the FCM Rulebook and the Default Rules.

(b) *Opt-In Procedure*

- (i) FCM Clearing Member Status – Opt In. An FCM Joint Rates Service Clearing Member wishing to opt-in to the FCM Portfolio Margining Service in respect of one or more FCM Clients (each, a “**Nominated FCM Client**”) must submit a written request to the Clearing House, using the appropriate form which can be obtained from the Clearing House's Membership team (an “**FCM Portfolio Margining Request**”). For the avoidance of doubt, the FCM Joint Rates Service Clearing Member must submit a further FCM Portfolio Margining Request when it wishes the FCM Portfolio Margining Service to apply in respect of additional Nominated FCM Clients.
- (ii) Assessment of the FCM Portfolio Margining Request. Upon receipt of an FCM Portfolio Margining Request, the Clearing House will assess whether the eligibility criteria set out at paragraph ~~2.1.24(c)~~~~2.1.19(e)~~ below (the “**FCM Portfolio Margining Eligibility Criteria**”) are met. The FCM Joint Rates Service Clearing Member will provide such information to the Clearing House as the Clearing House may, in its absolute discretion, request, including such information as is required to enable the Clearing House to make the necessary assessments in respect of an FCM Portfolio Margining Request.

- (iii) Activation of the FCM Portfolio Margining Service. Following a determination by the Clearing House that the FCM Portfolio Margining Eligibility Criteria are met, the Clearing House shall:
 - (A) notify the FCM Joint Rates Service Clearing Member; and
 - (B) activate the FCM Portfolio Margining Arrangements described in paragraph ~~2.1.24(d)~~~~2.1.19(d)~~ below in respect of the Nominated FCM Clients.

The Clearing House will endeavour to activate the FCM Portfolio Margining Arrangements within five business days following the determination by the Clearing House that the FCM Portfolio Margining Eligibility Criteria are met, but owes no duty or obligation to the FCM Clearing Member to do so.

Furthermore, notwithstanding the foregoing, the Clearing House may, in its sole discretion, refuse to provide the FCM Portfolio Margining Service (i) to an FCM Joint Rates Service Clearing Member or (ii) in respect of one or more Nominated FCM Clients where it considers it appropriate to do so.

- (iv) Opt-Out Procedure. In the event that an FCM Clearing Member wishes to terminate the FCM Portfolio Margining Service in respect of one or more Nominated FCM Clients, it may do so by giving written notice to the Clearing House. The FCM Clearing Member shall identify clearly the Nominated FCM Client(s) to which the termination is intended to apply. The termination shall become effective on the date on which the Clearing House confirms to the relevant FCM Clearing Member that the FCM Portfolio Margining Service has been terminated in respect of the relevant Nominated FCM Client(s). In this regard, the Clearing House will endeavour to terminate the FCM Portfolio Margining Arrangements within five business days following receipt of written notice from the FCM Clearing Member, but owes no duty or obligation to the relevant FCM Clearing Member to do so.

In order to prevent abuse of the FCM Portfolio Margining Service, following the termination of the FCM Portfolio Margining Service in respect of an FCM Client, an FCM Clearing Member will not be entitled to submit an FCM Portfolio Margining Request respect of the same FCM Client for a period of 30 calendar days following termination of the FCM Portfolio Margining Service in respect of such FCM Client.

- (c) *FCM Portfolio Margining Eligibility Criteria*

- (i) Eligible FCM Clearing Members. For an FCM Clearing Member to offer FCM Portfolio Margining Service to its FCM Clients, the FCM Clearing Member must be approved to participate in both the FCM SwapClear Clearing Service and the FCM Listed Interest Rates Clearing Services.
 - (ii) Eligible FCM Clients. In order to be eligible for the FCM Portfolio Margining Service, a Nominated FCM Client must receive FCM SwapClear Clearing Services and FCM Listed Interest Rates Clearing Services from the same FCM Clearing Member.
 - (iii) FCM Client Consent. The FCM Joint Rates Service Clearing Member must confirm to the Clearing House (in the form of a written representation) that each Nominated FCM Client has provided its informed consent to the operation of the FCM Portfolio Margining Service in respect of its positions in FCM SwapClear Contracts and FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts.
 - (iv) Recent Termination. FCM Portfolio Margining Arrangements in respect of the FCM Client have not, in the last 30 calendar days, been terminated in accordance with paragraph ~~2.1.24(b)(iv)~~~~2.1.19(b)(iv)~~ above.
 - (v) Restrictions. For the avoidance of doubt, it is not possible to apply the FCM Portfolio Margining Service:
 - (A) to Nominated FCM Clients that are not the same legal entity (*e.g.*, to affiliated Nominated FCM Clients); or
 - (B) between positions held in an FCM Joint Rates Service Clearing Member's Proprietary Account and any positions recorded in any FCM Omnibus Client Account with LCH of such FCM Clearing Member.
- (d) *FCM Portfolio Margining Arrangements*
- (i) FCM Portfolio Margining Calculation Tool. The Clearing House has developed a risk management tool that identifies portfolio-margining opportunities as between FCM SwapClear Contracts and FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts held on behalf of the same Nominated FCM Client ("**Portfolio Margining Calculation Tool**"). FCM Joint Rates Service Clearing Members participating in the FCM Portfolio Margining Service will receive certain information in relation to the operation of the Portfolio Margining Service, as described in more detail in paragraph ~~2.1.24(e)~~~~2.1.19(e)~~ below.

A list of FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts is published on the Clearing House's website from time to time.

- (ii) FCM Portfolio Margining Process.
 - (A) At a predetermined time following the close of the FCM Listed Interest Rates Clearing Services on each business day, the Clearing House will run the FCM Portfolio Margining Calculation Tool. The FCM Portfolio Margining Calculation Tool will identify, in respect of each Nominated FCM Client, any off-setting positions between FCM SwapClear Contracts and FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts, including any FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts that are FCM Portfolio Margined Contracts (the “**Identified Off-Setting FCM Listed Interest Rates Contracts**”).
 - (B) The FCM Portfolio Margining Calculation Tool is a risk management tool that is not designed to provide FCM Joint Rates Service Clearing Members participating in the FCM Portfolio Margining Service with optimal margining treatment or reduce margin calls. Accordingly, the Clearing House makes no representations or assurances as to the impact of the FCM Portfolio Margining Calculation Tool on a participating FCM Clearing Member's margin calls. Furthermore, the Clearing House accepts no liability in respect of the operation of the FCM Portfolio Margining Service of the FCM Portfolio Margining Calculation Tool. The provision and operation of the FCM Portfolio Margining Calculation Tool is subject to FCM Regulation 44.
- (iii) Transfer of Identified Off-Setting FCM Listed Interest Rates Contracts. Once identified in accordance with [subparagraph 2.1.24\(d\)\(ii\)\(A\)\(d\)\(ii\)\(A\)](#) above:
 - (A) any Identified Off-Setting FCM Listed Interest Rates Contracts that are not FCM Portfolio Margined Contracts will be transferred from the relevant FCM Omnibus Listed Interest Rates Client Account with LCH to the relevant FCM Client Sub-Account of the FCM Omnibus SwapClear Client Account with LCH, at which point they will become FCM Portfolio Margined Contracts;
 - (B) any FCM Portfolio Margined Contracts that are not identified as Identified Off-Setting FCM Listed Interest Rates Contracts as part of the relevant cycle, will be

transferred from the relevant FCM Client Sub-Account of the FCM Omnibus SwapClear Client Account with LCH to the relevant FCM Omnibus Listed Interest Rates Client Account with LCH, at which point they will cease to be FCM Portfolio Margined Contracts; and

- (C) the Clearing House's records will evidence the time of the transfers referred to in (A) and (B) above.
- (iv) Treatment of FCM Portfolio Margined Contracts in the FCM Client Sub-Account of the FCM Omnibus SwapClear Client Account with LCH.
- (A) FCM Portfolio Margined Contracts will continue to be treated as FCM Listed Interest Rates Contracts.
 - (B) For the avoidance of doubt, FCM Portfolio Margined Contracts are not eligible for compression runs.
 - (C) For so long as an FCM Listed Interest Rates Contract is an FCM Portfolio Margined Contract, any lifecycle events in connection with such FCM Portfolio Margined Contract, including trade transfer, position transfer and give-ups, shall be suspended.
 - (D) FCM Portfolio Margined Contracts and associated offsetting FCM SwapClear Contracts are not eligible for transfer. An FCM Clearing Member that wishes to transfer an FCM Portfolio Margined Contract and associated off-setting FCM SwapClear Contract must reverse the FCM Portfolio Margining Process for such Contracts prior to, and as a precondition to, the transfer of such Contracts.
- (e) *Portfolio Margining Reports*

The Clearing House will provide each FCM Joint Rates Service Clearing Member participating in the FCM Portfolio Margining Service details of the transfers described in paragraph ~~2.1.24(d)(iii)~~~~2.1.19(d)(iii)~~ above once each business day.

Appendix II
FCM Regulations



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

Scope

Save where expressly stated to the contrary in these FCM Regulations or the FCM Procedures, these FCM Regulations govern the clearing of FCM Contracts by FCM Clearing Members through LCH Limited. They do not govern any other clearing services provided by LCH Limited, LCH SA, LCH.Clearnet LLC or any other affiliates of the LCH Group ~~Holdings Limited~~, each of which is governed by a separate set of rules.

For the purposes of these FCM Regulations, LCH Limited is referred to as the “**the Clearing House**”. The term “**FCM Clearing Member**” is used to refer to an entity which is entitled to receive clearing services from LCH Limited (see FCM Regulation 1). FCM Clearing Member status does not confer any rights as a “shareholder” or similar status with respect to LCH Limited or of any other entity in the LCH Group ~~Holdings Limited~~.

Any FCM Regulation or group of FCM Regulations expressly stated not to apply to a category, or categories, of an FCM Contract shall not apply to such category, or categories, of FCM Contract.

“Hedged Account”	has the meaning assigned to it in the FCM Procedures.
“Identified Off-Setting FCM Listed Interest Rates Contracts”	has the meaning assigned to it in the FCM Procedures.
“Ineligible FCM ForexClear Contract”	has the meaning assigned to it in FCM Regulation 49(h)(ii) Regulation 49(e)(ii) .
“Ineligible FCM ForexClear Transaction”	has the meaning assigned to it in FCM Regulation 49(h)(i) Regulation 49(e)(i) .
“Ineligible FCM SwapClear Contract”	has the meaning assigned to it in FCM Regulation 46(g) Regulation 46(f) .
“Ineligible FCM SwapClear Transaction”	has the meaning assigned to it in FCM Regulation 46(g) Regulation 46(f) .
“Inflation Derived Data”	has the meaning assigned to it in the UK General Regulations.
“Inflation FCM SwapClear Contract”	means an FCM SwapClear Contract identified as being an Inflation FCM SwapClear Contract in the FCM Product Specific Contract Terms and Eligibility Criteria Manual.
“Initial Margin”	means, with respect to the amount of Margin attributable to a particular account or accounts of an FCM Clearing Member with the Clearing House, the portion of such Margin held in respect of the Clearing House’s initial margin requirements (as published from time to time by the Clearing House) in respect of the relevant FCM Contracts attributable to such account or accounts.
“Intra-Day Bulk Transfer”	has the meaning assigned to it in the UK General Regulations.
“IRS FCM SwapClear Contract”	means an FCM SwapClear Contract identified as being an IRS FCM SwapClear Contract in the FCM Product Specific Contract Terms and Eligibility Criteria Manual
“LCH Group”	means the group of undertakings consisting of LCH Limited, LCH Group – Holdings Limited, and Banque Centrale de Compensation S.A. trading as LCH SA <u>and SwapAgent Limited</u> . (any reference to a “member” of LCH Group Holdings Limited within these FCM Regulations is to be construed accordingly).
“LCH Approved Outsourcing Agent”	means a person, designated as such by the Clearing House, as may be provided for in the FCM Procedures.
“LCH Client Depository Account”	means an LCH Foreign Futures Client Depository Account, an LCH Futures Client Segregated Depository Account or

REGULATION 44 EXCLUSION OF LIABILITY

- (a) Neither the Clearing House nor any other member of the LCH Group shall have any liability to an FCM Clearing Member or any other person in respect of any dispute arising from or in relation to any FCM Contract, including but not limited to, any dispute as to the validity or otherwise of such FCM Contract, the terms of such FCM Contract or whether any alleged agreement or arrangement constitutes an FCM Contract.
- (b) The Clearing House shall not be liable for any obligations of or to a person who is not an FCM Clearing Member (including an FCM Client of an FCM Clearing Member), nor any obligations of an FCM Clearing Member to another FCM Clearing Member who is acting as a broker for the first FCM Clearing Member, nor shall the Clearing House become liable to make deliveries or accept deliveries from an FCM Client of an FCM Clearing Member.
- (c) Without prejudice to the provisions of FCM Regulation 2 and paragraph (e), neither the Clearing House nor any other member of the LCH Group shall be liable whatsoever to any FCM Clearing Member, or to any other person in contract, tort (including negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of any nature whatsoever suffered or incurred as a result of: any suspension of clearing services, whether for a temporary period or otherwise, a step taken by the Clearing House under FCM Regulation 29, Regulation 30, Regulation 46 or Regulation 49(h)~~Regulation 49(e)~~ or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House or the relevant approved agent; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the Clearing House of its discretion under the FCM Regulations, or any decision by the Clearing House not to exercise any such discretion.
- (d) Without prejudice to FCM Regulation 44(c) and paragraph (e), unless otherwise expressly provided in the FCM Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH Group shall be liable under any circumstances (including as a result of any negligence by the Clearing House, or any other member of the LCH Group ~~Holdings Limited~~, or their respective officers, employees, agents or representatives) to any FCM Clearing Member or any other Executing Party for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such FCM Clearing Member or other Executing Party and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH Group ~~Holdings Limited~~, or their respective officers, employees, agents or representatives.
- (e) Nothing in this FCM Regulation 44 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or willful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and for any fraud or willful default on the part of the Clearing House.

Appendix III
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

Scope

Save where expressly stated to the contrary in these Regulations or the Procedures, these Regulations govern clearing services provided by LCH Limited. They do not cover clearing services provided by LCH SA which are governed by a separate set of rules.

For the purposes of these Regulations, LCH Limited is referred to as the "**the Clearing House**". The terms "**Member**" or "**Clearing Member**" are used to refer to an undertaking which is entitled to receive clearing services from LCH Limited (see "Definitions"). They do not mean "shareholder" of LCH Limited or of any other undertaking in the LCH Group ~~Holdings Limited~~.

Any Regulation or group of Regulations expressly stated not to apply to a category, or categories, of Contract shall not apply to such category, or categories, of Contract.

Regulation 54 to Regulation 60 (inclusive) apply only to SwapClear Contracts. Save as provided in Regulation 54, the provisions of Regulation 2 to Regulation 52 (inclusive) shall not apply to SwapClear Contracts.

Regulation 61 to Regulation 66 (inclusive) apply only to RepoClear Contracts. Save as provided in Regulation 61, the provisions of Regulation 2 to Regulation 52 (inclusive) shall not apply to RepoClear Contracts.

Regulation 67 to Regulation 72 (inclusive) apply only to EquityClear Contracts. Save as provided in Regulation 67, the provisions of Regulation 2 to Regulation 52 (inclusive) shall not apply to EquityClear Contracts.

Regulation 76 to Regulation 87 (inclusive) apply only to LSE Derivatives Markets Cleared Exchange Contracts which are eligible for clearing pursuant to these Regulations and the LSE Derivatives Markets Rules. Save as provided in Regulation 76, the provisions of Regulation 2 to Regulation 52 (inclusive) shall not apply to LSE Derivatives Markets Cleared Exchange Contracts.

Regulation 90 to Regulation 106 (inclusive) apply only to ForexClear Contracts. Save as provided in Regulation 90, the provisions of Regulation 2 to Regulation 52 (inclusive) shall not apply to ForexClear Contracts.

Regulation 107 to Regulation 114 (inclusive) apply only to Listed Interest Rates Contracts. Save as provided in Regulation 107, the provisions of Regulation 2 to Regulation 52 (inclusive) shall not apply to Listed Interest Rates Contracts.

“Intra-Day Partial Bulk Transfer”

means an intra-day transfer of some (but not all) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer does not include the transfer of an Associated Collateral Balance

“ISA Port”

means a port of the Contracts and Account Balance held in a Custodial Segregated Account opened by a Clearing Member with the Clearing House in respect of a Custodial Segregated Client to an Individual Segregated Account opened for such Clearing Client by a Backup Clearing Member in accordance with the Default Rules and the relevant Collateral Management Agreement

"IRS FCM SwapClear Contract"

has the meaning assigned to it in the FCM Regulations

"IRS SwapClear Contract"

means a SwapClear Contract of the type of Contracts which are identified as being IRS SwapClear Contracts in the Product Specific Contract Terms and Eligibility Criteria Manual, which includes, in the case of the Default Rules (including the Rates Service DMP Annex but excluding, for the avoidance of doubt, the Client Clearing Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an IRS FCM SwapClear Contract

"Joint Rates Service Clearing Member"

means, for purposes of the Portfolio Margining Service, a clearing member who is both a SwapClear Clearing Member and a Listed Interest Rates Clearing Member

"Key Tenors"

means the Key Tenors as set out in the Inflation Swaps Operational Specifications

"Key Tenors Market Data"

has the meaning assigned to it in Regulation 60A(1)

"LCH Group Holdings Limited"

means the group of undertakings consisting of LCH Limited, LCH Group Holdings Limited, LCH.Clearnet LLC, LCH Service Company Limited, SwapAgent Limited and Banque Centrale de Compensation S.A. trading as LCH SA. (any references to a "member" of LCH Group Holdings Limited within these Regulations is to be construed accordingly)

"LCIA Rules"

means the LCIA Arbitration Rules of The London Court of International Arbitration

"Member" or "Clearing Member"

- (a) subject to (b) means an undertaking (including a firm or company) which is entitled to be party to Contracts with the Clearing House in accordance with a Clearing Membership Agreement and the Procedures or a Co-operating Clearing House, where so agreed with the Co-operating Clearing House (as applicable). For the avoidance of doubt, the terms **"Member"** and **"Clearing Member"** for the purposes of these Regulations, Default Rules and Procedures, do not a mean shareholder of LCH Limited or of any ~~other undertaking in the member of~~ LCH Group ~~Holdings Limited~~
- (b) "Clearing Member" includes or means (as the case may be) FCM Clearing Member for the purpose of the Default Rules (including the Rates Service DMP Annex and the ForexClear DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time

"Member Compression Cycle"

means a Multilateral Compression Cycle requested by two or more SwapClear Clearing Members and agreed to by the Clearing House in relation to eligible SwapClear Contracts held by those requesting SwapClear Clearing Members. For the avoidance of doubt, a Member Compression Cycle will not involve any ACSP

~~**"MER"**~~

~~has the meaning assigned to it in Section 1.3.3 (Trade Registration Facilitation: SwapClear Tolerance, Client Buffer and MER (Minimum Excess Requirement)) of Procedure 2C (SwapClear Clearing Service) of the Clearing House's Procedures~~

"MiFID II"

means the recast Markets in Financial Instruments Directive (Directive 2014/65/EU), Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 and all related implementing or supplementary legislation and technical standards, as amended from time to time

"Minimum ForexClear Contribution"

means USD 5,000,000

"Minimum Non-Tolerance SwapClear Contribution"

means £10,000,000 (which, for the avoidance of doubt, excludes the £3,000,000 minimum amount payable by an SCM in respect of the SwapClear Tolerance Contribution Amount);

"Minimum RepoClear Contribution"

means EUR 2,500,000

"SwapClear STM Contract"	means a SwapClear Contract that is (i) registered at the Clearing House as a SwapClear STM Contract pursuant to Regulation 55(b), (ii) designated a SwapClear STM Contract by the Clearing House pursuant to Regulation 57A, (iii) converted into a SwapClear STM Contract by the Clearing House pursuant to Regulation 57A, or (iv) a SwapClear STM Contract through novation pursuant to Regulation 12(b), in each case the terms of which therefore include the SwapClear STM Terms.
"SwapClear STM Terms"	means the part of the SwapClear Contract Terms designated as the SwapClear STM Terms by the Clearing House from time to time
"SwapClear Tolerance"	has the meaning assigned to it in Section 1.3.3 (<i>Trade Registration Facilitation: SwapClear Tolerance, Client Buffer and MER (Minimum Excess Requirement Standing Order Amount)</i>) of Procedure 2C (<i>SwapClear Clearing Service</i>) of the Clearing House's Procedures
"SwapClear Tolerance Utilisation"	means, in respect of each SCM, the value of the SwapClear Tolerance utilised by that SCM at any particular time, as determined by the Clearing House in its sole discretion
"SwapClear Transaction"	means any transaction the details of which are presented to the Clearing House via an Approved Trade Source System for the purpose of having such transaction registered at the Clearing House as two SwapClear Contracts or one SwapClear Contract and one FCM SwapClear Contract (as the case may be), regardless of whether such transaction (a) is an existing swap transaction, (b) was entered into in anticipation of clearing, or (c) is contingent on clearing
"SwapClear Unfunded Contribution"	has the meaning assigned to it in Rule S7 of Part A of the Rates Service Default Fund Supplement – SwapClear
"SwapClear Unfunded Contribution Notice"	has the meaning assigned to it in Rule S7 of Part A of the Rates Service Default Fund Supplement – SwapClear
"SwapClear Voluntary Payment"	has the meaning assigned to it in Rule S10 of the SwapClear Default Fund Supplement
"SwapClear Voluntary Payment Notice"	has the meaning assigned to it in Rule S10 of the SwapClear Default Fund Supplement
"TARGET2"	means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007
"Target Settlement Day"	means any day on which TARGET2 is open for the settlement of payments in euro

CHAPTER II – STATUS

REGULATION 4 CLEARING MEMBER STATUS OF THE CLEARING HOUSE

- (a) Application for clearing member status of the Clearing House shall be made in accordance with the Procedures. A Member's clearing member status of the Clearing House shall be governed by these Regulations, the Procedures and any Clearing Membership Agreement to which he is for the time being party. Clearing member status does not provide or entitle a Member to any shareholding membership of LCH Limited or any shareholding or other membership of any other member of the LCH Group ~~Holdings Limited~~ or any entitlement to membership of or participation in LCH SA, which has separate and distinct membership requirements.
- (b) The Clearing House shall determine which categories of Contract a Member is eligible to have registered in its name from time to time. If, in its absolute discretion, the Clearing House determines that a Member no longer meets the relevant eligibility criteria for a particular category, or categories, of Contract the Clearing House may rescind that Member's eligibility to have Contracts of such category or categories registered in his name, but without prejudice to his right to have registered in his name, subject to the Regulations, the categories of Contracts in respect of which the Member does meet the eligibility criteria. The Clearing House may from time to time publish a list of Members identifying the category or categories of Contracts which each Member is eligible to have registered in its name.
- (c) A Member shall be a principal to and not an agent in respect of any Contract registered in his name with the Clearing House. In performing its obligations and exercising its rights under these Regulations, the Clearing House shall take no account of any right or interest which any person other than the Member may have in any Collateral transferred by such Member to the Clearing House.

particulars are presented by an NCP; and (v) in the case of a Listed Interest Rates Novation Transaction, where such particulars are presented by an NCP.

- (g) For the avoidance of doubt, any transaction of which details have been presented by or on behalf of a Clearing Member for registration as a Contract which is not so registered shall remain in effect between the original parties to that transaction or be terminated, as the case may be, according to any terms agreed between the parties thereto (directly or by virtue of the application of the relevant ATP Market Rules or Rates Exchange Rules or of their common participation or membership of the relevant Trading System or Rates Exchange through or on which the transaction was executed or by which it was registered) but subject to the relevant Exchange Rules and the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (h) Without prejudice to the Clearing House's rights under Regulation 16(i), an original exchange contract, OTC Transaction or Listed Interest Rates Novation Transaction presented for registration must, in order that it be registered as the relevant type of Contract, meet the eligibility criteria and other requirements as prescribed on the Clearing House's website for the relevant type of Contract, at the time when the details (as prescribed from time to time by the Clearing House) of the original exchange contract, OTC Transaction or Listed Interest Rates Novation Transaction are presented to the Clearing House and at all times thereafter up to and including the Registration Time. A Clearing Member may not revoke, cancel or transfer an Exchange Transaction, OTC Transaction or Listed Interest Rates Novation Transaction that has been submitted for registration unless permitted (as applicable) by the relevant Exchange Rules and by the relevant Regulations or the relevant Procedures or with the consent of the Clearing House. A Clearing Member shall not allow the submission for registration of a transaction which is not a relevant Exchange Transaction, OTC Transaction or Listed Interest Rates Novation Transaction.
- (i) If at any time after registration of a Contract the Clearing House determines that the corresponding transaction of which details were presented for registration did not, at the Registration Time, meet the eligibility criteria for registration as a Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such Contract. Upon the purported Contract being set aside under this Regulation 16, the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House (and such transaction shall remain in effect between the original parties thereto or be terminated, as the case may be, in accordance with any terms agreed between them, whether directly or (where applicable) by virtue of the application of the relevant ATP Market Rules, Rates Exchange Rules or Trading System rules). Any payment made under, or in respect of, a Contract set aside under this paragraph shall be repayable to the person who made the payment and any securities delivered under such Contract shall be re-delivered to the person who made the delivery of such securities. Without prejudice to Regulation 52 and its obligations under this Regulation 16, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a contract as a Contract in respect of a

REGULATION 19 TRANSACTIONS ENTERED INTO THROUGH AN AUTOMATED TRADING SYSTEM OR PLATFORM

- (a) This Regulation 19 applies in respect of: (i) RepoClear Contracts or RepoClear GC Contracts entered into by the Clearing House under Regulation 63(d); and (ii) EquityClear Contracts entered into by the Clearing House under Regulation 68(e).
- (b) Any Contract to which this Regulation applies which is entered into by the Clearing House with Clearing Members shall be registered in the name of each relevant Clearing Member following receipt of the details required by the Clearing House of such Contracts from the operator of the relevant ATS, the operator of the relevant ATP, or the relevant approved agent (in accordance with the arrangements made between the Clearing House and such ATS, ATP or approved agent from time to time), as applicable.
- (c) If the details required by the Clearing House in respect of a Contract to which this Regulation 19 applies are not provided to the Clearing House by the operator of the relevant ATS, the operator of the relevant ATP or the relevant approved agent, as applicable, in accordance with the Clearing House's requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details, the Clearing House may decree that neither the Clearing House nor the Clearing Member party thereto shall be obliged to perform their respective obligations under the Contracts in question. If the Clearing House so decrees, such Contracts shall be performed in accordance with any directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected Contract. Any directions given by the Clearing House under this paragraph (c) shall be binding on all affected Clearing Members or Dealers.
- (d) Without prejudice to Regulation 52, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall not be liable to any Clearing Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any Contract to which this Regulation 19 applies if the Clearing House does not receive the relevant details referred to in paragraph (c) by the time referred to in such paragraph (c) in respect of such Contract.
- (e) If the Clearing House or, where relevant, its approved agent receives details:
 - (i) of a trade from an ATS specified by an ATS Participant by notice given under Regulation 63(b) and the details of the trade purportedly meet the ATS Contract Eligibility Criteria set out in Regulation 63(e) (as applicable); or
 - (ii) of an EquityClear (Equities) ATP Match or of an EquityClear (ccCFD) ATP Match in respect of an EquityClear Clearing Member from an ATP specified in the approval given to the EquityClear Clearing Member by notice given under Regulation 68(b) and which has not been withdrawn in respect of that ATP, and the details of the EquityClear (Equities) ATP Match or EquityClear (ccCFD) ATP Match purportedly meet the relevant EquityClear Open Offer Eligibility Criteria set out in Regulation 68(c),

REGULATION 32 RESTRICTIONS ON CLEARING HOUSE'S OBLIGATIONS AND LIABILITY

- (a) This Regulation shall apply to open contracts subject to tender and delivery contracts and shall not apply to contracts for differences or option contracts.
- (b) The Clearing House (or any other member of the LCH Group ~~Holdings Limited~~) shall not be liable in respect of a claim made against it in respect of an open contract subject to tender or a delivery contract by a Member concerning:
 - (i) a tender given by the Clearing House; or
 - (ii) any documents accompanying a tender as required by Exchange Rules or Procedures; or
 - (iii) the performance by the Clearing House of its obligations under an open contract to make delivery of a commodity or to pay the price; or
 - (iv) any other dispute or matter arising under the terms of such contract;unless the conditions set out in paragraphs (c), (d) and (e) below are satisfied.
- (c) The Member shall (without prejudice to his taking any other steps which may be required of or open to him under the relevant Exchange Rules or the Procedures, as applicable) give written notice and particulars of his claim to the Clearing House not later than 17:00 hours (such time to be of the essence) on the seventh business day following the day on which, in accordance with the relevant Exchange Rules or the Procedures, as applicable, documents must be taken up and paid for by the buyer (whether or not a buyer fulfils such obligation), or if there are no such documents, not later than 17.00 hours (such time to be of the essence) on the seventh business day following the last day on which the buyer, in accordance with the relevant Exchange Rules or the Procedures, as applicable, must take delivery of the commodity (whether or not the buyer fulfils such obligation).
- (d) Where the relevant Exchange Rules or the Regulations provide for arbitration, the Member shall refer all disputes referred to in paragraph (b) above in respect of the contract to arbitration under the relevant Exchange Rules or the Regulations, as applicable, shall give to the Clearing House notice of such referral and details of any award made.
- (e) The Member shall promptly provide the Clearing House with such further particulars of his claim, as the Clearing House may from time to time require in writing.

REGULATION 38 FORCE MAJEURE

- (a) Neither the Clearing House (nor any other member of the LCH Group ~~Holdings Limited~~) nor a Member shall be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the terms of these Regulations or of any Contract if such failure, hindrance or delay arises out of events or circumstances beyond its control. Such events or circumstances may include, but are not limited to, acts of God or the public enemy, acts of a civil or military authority other than the acts referred in Regulation 37(b)(i), (ii) or (iii) above, terrorist or other criminal action, civil unrest, embargoes, fire, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, settlement systems or of bank transfer systems or wires, and any other causes beyond the parties reasonable control including, without prejudice to the foregoing, any causes specified in Exchange Rules.
- (b) On the happening of any one or more of the events or circumstances referred to in paragraph (a) above, which shall immediately be notified by the party prevented, hindered or delayed from performing any of the obligations referred to in paragraph (a) above to the other:
- (i) in respect of affected Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts and Listed Interest Rates Contracts other than Designated Listed Interest Rates Contracts, the Clearing House shall be entitled at the time prescribed in the relevant Exchange Rules or if no such time is prescribed at any time after receipt of such notice, to invoice back in accordance with Chapter IX, some or all Contracts in the Member's name at a price determined by the relevant Exchange, or where Exchange Rules permit, to take such other action as it deems necessary or desirable in respect of some or all Contracts in the Member's name or require the Member to take such action as the Clearing House may direct in respect of the same; and
 - (ii) in respect of affected OTC Contracts, affected EquityClear Contracts and affected Designated Listed Interest Rates Contracts, the Clearing House shall be entitled to require any of the affected Contracts to be performed in accordance with directions issued by the Clearing House or invoiced back in accordance with Regulation 39, or shall be entitled to require the Member to take such action as the Clearing House may direct in respect of such Contracts.

CHAPTER X – DISCLOSURE, FEES, RECORDS AND AMENDMENTS

REGULATION 41 DISCLOSURE AND REPORTING

- (a) The Clearing House shall have authority to supply any information whatsoever concerning a Member and its trading to (a) an Exchange or an exchange with whom the Clearing House has entered into an agreement pursuant to which the parties have agreed to exchange information as required or contemplated by its Exchange Rules, (b) any Regulatory Body which is entitled to receive or request any such details or information, (c) a Co-operating Clearing House pursuant to an agreement entered into with the Co-operating Clearing House, (d) any Approved EquityClear Settlement Provider pursuant to an agreement entered into with that Approved EquityClear Settlement Provider, (e) a member of the LCH Group ~~Holdings Limited~~, (f) any other person or body to which the Clearing House is, in its reasonable opinion, legally required to disclose the same, (g) any other person or body to which the Clearing House has agreed to provide such information (including, without limitation, pursuant to Section 5 (*Disciplinary Proceedings*) of the Procedures), (h) a trade or data repository or similar body on an ongoing basis in the ordinary course of business, or (i) any securities depository or securities settlement system on an ongoing basis in the ordinary course of business.
- (b) The Clearing House shall also be entitled to supply any information whatsoever concerning a Member to any person who has provided or may be contemplating entering into arrangements to provide the Clearing House directly or indirectly with stand-by or other finance, insurance cover, guarantee or other financial backing, which the Clearing House has been requested or is legally required to disclose to assist such person in relation to the provision of, or continued provision of, such finance, insurance cover, guarantee or financial backing.
- (c) The Clearing House shall have authority (a) to obtain and make use of information from securities depositories, warehouses and/or any other trade repositories relating to a Member; and (b) to disclose such information to any Regulatory Body or Exchange which is entitled to receive or request any such information.

REGULATION 52 EXCLUSION OF LIABILITY

- (a) Without prejudice to the provisions of Regulations 2 and 32 and 52(e) neither the Clearing House, nor any other member of the LCH Group ~~Holdings Limited~~ shall have any liability whatsoever to any Member or to any other person (including, without limitation, any Clearing Client of a Member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of: any suspension, restriction or closure of the market administered by an Exchange, an ATP or a Co-operating Clearing House, whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency; any failure by the Clearing House or an Exchange or a Co-operating Clearing House or an ATP or its operator or the relevant approved agent or the Approved EquityClear Settlement Provider to supply each other with data or information in accordance with arrangements from time to time established between any or all of such persons; the failure of any systems, communication facilities or technology supplied, operated or used by the Clearing House, an Exchange, or a Co-operating Clearing House; any event which is outside the control of the Clearing House; any act or omission of an Exchange, or a Co-operating Clearing House in connection with a Co-operating Clearing House Contract or any contracts made on such terms, including, without limitation, any error in the establishment of a settlement price made by an Exchange; any act or omission of the Clearing House, an Exchange, or a Co-operating Clearing House (as the case may be) in connection with the operation of a Link or the arrangement for the transfer of Contracts under a Link.
- (b) Neither the Clearing House nor any other member of the LCH Group ~~Holdings Limited~~ shall have any liability to a Member or any other person (including without limitation a SwapClear Dealer, or a RepoClear Dealer or a ForexClear Dealer) in respect of any dispute arising from or in relation to any OTC Transaction or an ATP Match including, but not limited to, any dispute as to the validity or otherwise of such OTC Transaction, the terms of such OTC Transaction, trade or ATP Match, or whether any alleged agreement or arrangement constitutes an OTC Transaction .
- (c) Without prejudice to the provisions of Regulation 2 and Regulation 52(e), neither the Clearing House nor any other member of the LCH Group ~~Holdings Limited~~ shall have any liability whatsoever to any SwapClear Clearing Member, Listed Interest Rates Clearing Member, RepoClear Clearing Member, EquityClear Clearing Member, ForexClear Participant or to any other person (including, without limitation, a SwapClear Dealer or a RepoClear Dealer) in contract, tort (including without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred as a result of: any suspension of an OTC Service or the EquityClear Service whether for a temporary period or otherwise, a step taken by the Clearing House under Regulation 16(i), Regulation 37, Regulation 38, Regulation 55(h), or Regulation 72 or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House or the relevant approved agent; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the Clearing House of its discretion under the

Regulations, or any decision by the Clearing House not to exercise any such discretion.

- (d) Without prejudice to Regulation 52(c) and Regulation 52(e), unless otherwise expressly provided in the Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH Group ~~Holdings Limited~~ shall have any liability under any circumstances (including, without limitation, as a result of any negligence by the Clearing House, or any other member of the LCH Group ~~Holdings Limited Limited~~, or their respective officers, employees, agents or representatives), to any Member, or a SwapClear Dealer, a RepoClear Dealer, or a ForexClear Dealer for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such Member, SwapClear Dealer, RepoClear Dealer, or a ForexClear Dealer, and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH Group ~~Holdings Limited~~, or their respective officers, employees, agents or representatives.
- (e) Nothing in this Regulation 52 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or wilful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House, for any fraud or wilful default on the part of the Clearing House, for any gross negligence or wilful misconduct on the part of the Clearing House in connection with the operation of the Portfolio Margining Service, if any, offered to Clearing Members from time to time, and for any actions that it may take on the basis of advice given to it by the Rates Service DMG, and for the accuracy of the information that it distributes to the SwapClear Clearing Members and/or Listed Interest Rates Clearing Members in connection with the Rates Service DMP pursuant to the Rates Service DMP Annex in the Default Rules, and for any actions that it may take on the basis of advice given to it by the ForexClear DMG, and for the accuracy of the information that it distributes to the ForexClear Clearing Members in connection with the ForexClear DMP pursuant to the ForexClear DMP Annex in the Default Rules.
- (f) Without prejudice to the provisions of Regulation 2 and Regulation 32 and Regulation 52(e) neither the Clearing House, nor any other member of the LCH Group ~~Holdings Limited~~ shall have any liability whatsoever to any Member or to any other person (including, without limitation, any Clearing Client of a Member or a member of a Co-operating Clearing House or any Clearing Client of such member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by LSE or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of LSE, in supplying any services to the Clearing House with regard to the LSE Derivatives Markets Services or as a result of or in connection with any inconsistency or conflict between any provision contained in the LSE Derivatives Markets Rules on the one hand and any provision of these Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.

- (g) Without prejudice to Regulation 2 and Regulation 52(e), neither the Clearing House, nor any other member of the LCH Group ~~Holdings Limited~~, shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person as the case may be, as a result of any service failure, whether complete or partial, of any payment or securities services provider, including (without limitation) any Securities System Operator, Settlement Service Provider, custodian, settlement agent, securities depository, securities settlement system, settlement facility or central bank.
- (h) Without prejudice to any other Regulation, each ForexClear Option Clearing Member agrees to indemnify and hold harmless the Clearing House for any liability, damage, loss, cost, claim or expense (excluding any consequential, special, indirect, incidental or punitive damages, or any liability, damage, loss, cost, claim or expense arising from the fraud, wilful misconduct, negligence or bad faith of the Settlement Service Provider) suffered or incurred by the Clearing House under or arising out of to its agreement(s) with the Settlement Service Provider, to the extent it is suffered or incurred as a direct result of the actions and/or omissions of the ForexClear Option Clearing Member in connection with the use of the ForexClear Option Service.

the consent of that SwapClear Clearing Member to the registration of the relevant SwapClear Contract will occur automatically and without the need for any further action by such SwapClear Clearing Member.

- (e) The Clearing House shall register or reject the registration of a SwapClear Contract in respect of a SwapClear Transaction presented for registration subject to, and in accordance with these Regulations, the Procedures and all Applicable Law, where the following are conditions for registration of such SwapClear Contract :
- (i) both sides of the relevant SwapClear Transaction have been properly presented and submitted for clearing by (or on behalf of the) the Executing Parties;
 - (ii) the relevant SwapClear Transaction meets the eligibility criteria as prescribed on the Clearing House's website at the time the particulars of the SwapClear Transaction are presented to the Clearing House and continues to meet such criteria at the Registration Time;
 - (iii) such SwapClear Contract is consented to by the relevant SwapClear Clearing Member (to the extent such consent is required) in accordance with paragraph (d) above and Section 1.3.2 of Procedure 2C;
 - (iv) the applicable SwapClear Clearing Member has transferred, upon request of the Clearing House and in accordance with Regulation 20 and such other applicable provisions of the Rulebook, all required Collateral in respect of such SwapClear Contract prior to registration (taking into account any available ~~MER and/or~~ SwapClear Tolerance, ~~if any~~); provided that such Collateral need not be transferred prior to registration as a condition to the registration of such SwapClear Contract where such SwapClear Contract results from a SwapClear Transaction that is a Sub-Block Trading Venue Transaction; and
 - (v) all the conditions applicable (under the terms of the Rulebook or the FCM Rulebook, as the case may be) for the registration of the other SwapClear Contract or the FCM SwapClear Contract (as the case may be) deriving from the relevant SwapClear Transaction have been satisfied.
- (f) From the time of registration by the Clearing House of two SwapClear Contracts or one SwapClear Contract and one FCM SwapClear Contract (as the case may be) (the "**Registration Time**") in respect of a SwapClear Transaction in accordance with the Procedures:
- (i) in respect of an Executing Party to the SwapClear Transaction which is:
 - (A) not a SwapClear Clearing Member, FCM Clearing Member or SwapClear Dealer, the rights and obligations of such Executing Party, in respect of the SwapClear Transaction, shall be governed by the applicable Execution Terms (if any); and
 - (B) a SwapClear Clearing Member, FCM Clearing Member or SwapClear Dealer, such Executing Party shall be released and discharged from all

- (o) Unless otherwise stated in the relevant Compression Documentation, the Clearing House shall have no involvement in and accepts no responsibility or liability in relation to any Multilateral Compression-related balancing, termination or ancillary payments or fees that participating Compression Clearing Members (or SwapClear Clearing Clients) may agree between themselves in accordance with relevant Compression Documentation or otherwise. In the event the Clearing House agrees to participate in the processing of ancillary payments or fees pursuant to the relevant Compression Documentation, the Clearing House accepts no liability to any Compression Clearing Member, SwapClear Clearing Client or third party in connection with or related to the processing of such ancillary payments or fees.
- (p) Without prejudice to any other provisions of these Regulations, in particular Regulation 45, or any Compression Documentation, neither the Clearing House, nor any other member of LCH Group ~~Holdings Limited~~ shall have any liability whatsoever to any Compression Clearing Member or to any other person (including any SwapClear Clearing Client and any Indirect Clearing Client) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damages, losses, costs or expenses of whatsoever nature suffered or incurred by a Compression Clearing Member or any other person (including any SwapClear Clearing Client and any Indirect Clearing Client), as the case may be:
 - (i) as a result of any action the Clearing House takes under this Regulation 56, whether in accordance with a Compression Proposal, in reliance on information provided by Compression Clearing Members or any ACSP or otherwise;
 - (ii) in relation to an ACSP Compression Cycle, as a result of any action or omission of an ACSP, including, without limitation, any error or omission in the terms of any Compression Proposal; or
 - (iii) in relation to any Multilateral Compression Cycle, as a result of any action or omission of a participating Compression Clearing Member, including, without limitation, any error or omission in the terms of any Compression Proposal.
- (q) An ACSP's liability in respect of its acts or omissions is subject to the relevant terms of the applicable Compression Documentation.
- (r) Any notification or communication required in connection with a Multilateral Compression Cycle shall be made in accordance with the Compression Documentation (if any) or, if not specified in the Compression Documentation, the Procedures or such other guidance as the Clearing House may provide from time to time.
- (s) Notwithstanding any other provision of these Regulations or the terms of the SwapClear Contracts, the Clearing House may disclose details of any Compression Proposal and related details of Compression Clearing Members including (with respect to their Proprietary Accounts and Client Accounts) to any ACSP or otherwise as the Clearing House considers appropriate in order to facilitate a Multilateral Compression Cycle.

REGULATION 70 DISPUTES AND LIMITATION OF LIABILITY

- (a) In the event of a dispute:
- (i) arising out of, or in respect of, the existence of an EquityClear (Equities) ATP Match or an EquityClear (ccCFD) ATP Match or, where applicable, whether it was identified to the ATP by the relevant EquityClear Clearing Members as an EquityClear (Equities) ATP Match or as an EquityClear (ccCFD) ATP Match to be registered by the Clearing House as an EquityClear (Equities) Contract or as an EquityClear (ccCFD) Contract (as the case may be) such dispute shall be settled as provided for in the ATP Market Rules without recourse to the Clearing House;
 - (ii) in respect of registered EquityClear (Equities) Contracts or EquityClear (ccCFD) Contracts, a dispute arising out of, or in respect of, such registered Contracts, or in relation to these Regulations relating to the clearing of such Contracts, other than a dispute referred to in (i) above, shall be referred to arbitration and settled as provided in Regulation 33(a) where the relevant ATP Market Rules provide for arbitration. Where the relevant ATP Market Rules do not include relevant arbitration provisions, or the application of such arbitration provisions to EquityClear (Equities) Contracts or EquityClear (ccCFD) Contracts (as applicable) is disappplied in these Regulations or the Procedures, a dispute arising out of, or in respect of, such registered Contracts, or in relation to these Regulations relating to the clearing of such Contracts, shall be settled in accordance with the Regulations and the Procedures, as applicable.
- (b) Without prejudice to the generality of Regulation 52 or any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, any liability of the Clearing House (and each other member of the LCH Group **Holdings Limited** and their respective officers, employees and agents) to a Member or to any other person (including, without limitation, any client of a Member) which might otherwise arise in connection with the EquityClear service shall, if and to the extent such liability arises out of any act or omission of any third party upon whom the Clearing House is reliant in any material respect in its provision of the EquityClear service (including, without limitation, an Approved EquityClear Trading Platform, Approved EquityClear Settlement Provider, a Co-operating Clearing House or any provider of transaction routing functionality), be limited to such amounts as the Clearing House is entitled to recover and is successful in recovering from that third party in respect of that party's acts and/or omissions.

REGULATION 72 REJECTION OF EQUITYCLEAR ATP MATCHES AND OF EQUITYCLEAR NOVATION TRANSACTIONS

- (a) Any EquityClear ATP Match, particulars of which are presented to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear Contract, which does not meet the relevant EquityClear Open Offer Eligibility Criteria (or any EquityClear (Equities) ATP Match which is an EquityClear Mixed Member Match where the relevant Co-operating Clearing House subsequently declines to register, rejects, cancels, avoids or terminates such EquityClear (Equities) ATP Match or any contract between the Co-operating Clearing House and its member arising out of it and any balancing contract deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match), or which the Clearing House declines to register under any other provision within these Regulations or the Procedures will, subject to paragraph (c), be rejected by the Clearing House and no EquityClear Contracts shall be deemed to have arisen. If the Clearing House rejects the EquityClear ATP Match, the presenting Clearing Members and relevant ATP will be notified of the rejection within the required timeframe under all Applicable Law. Without prejudice to the generality of Regulation 52, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person with regard to the rejection by it of any such EquityClear ATP Match.
- (b) Any EquityClear Novation Transaction, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear Contract, which does not meet the applicable EquityClear Novation Transaction Eligibility Criteria (or any EquityClear Novation Transaction which is an EquityClear Mixed Member Match where the relevant Co-operating Clearing House subsequently declines to register, rejects, cancels, avoids or terminates such EquityClear Novation Transaction or any contract between the Co-operating Clearing House and its member arising out of it and any balancing contract deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction), or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (c), be rejected by the Clearing House and no EquityClear Contracts shall be deemed to have arisen. If the Clearing House rejects the EquityClear Novation Transaction, the presenting Clearing Members and relevant ATP will be notified of the rejection within the required timeframe under all Applicable Law. Without prejudice to the generality of Regulation 52, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH_Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person with regard to the rejection by it of any such EquityClear Novation Transaction.
- (c) The Clearing House may, in its absolute discretion, agree to register an EquityClear Contract, notwithstanding that it does not meet the relevant EquityClear Open Offer Eligibility Criteria or the EquityClear Novation Transaction Eligibility Criteria (as

ForexClear Contract and, for whatever reason, the corresponding FCM ForexClear Contract has not also been registered, the ForexClear Contract shall be deemed not to be registered as a ForexClear Contract until such time as such corresponding FCM ForexClear Contract has been registered.

- (j) In relation to an FCM ForexClear Transaction, if either the executing party (in its capacity as an FCM Clearing Member or ForexClear Clearing Member or through its designated FCM Clearing Member or ForexClear Clearing Member) or the FCM Clearing Member (as the case may be) does not present an FCM ForexClear Transaction for clearing, the Clearing House shall set aside any FCM ForexClear Contract or ForexClear Contract that has been registered (if any) and the particulars of the corresponding FCM ForexClear Transaction in question shall at the Clearing House's discretion be either: (i) deemed never to have been submitted to the Clearing House; or (ii) rejected until such time as the Executing Party (in its capacity as an FCM Clearing Member or ForexClear Clearing Member or through its designated FCM Clearing Member or ForexClear Clearing Member) or the FCM Clearing Member have presented the relevant contract to the Clearing House. In addition, any payment made under, or in respect of, any FCM ForexClear Contract set aside or deemed not cleared under this paragraph shall be repayable to the person who made the payment. Without prejudice to FCM Regulation 44 and its obligations under this Regulation 91 and under FCM Regulation 49, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an FCM ForexClear Contract.
- (k) Upon the exercise of a ForexClear Option Contract by or on behalf of a ForexClear Clearing Member or, as the case may be, by the Clearing House or upon the deemed exercise of such option pursuant to these Regulations or the Procedures, the ForexClear Option Contract shall immediately terminate and in its place a ForexClear Spot Transaction or a ForexClear Deliverable Forward Transaction shall automatically and immediately come into existence, and the related ForexClear Spot Contracts and ForexClear Deliverable Forward Contracts shall immediately be deemed to be registered by the Clearing House, on the terms specified in the applicable ForexClear Option Contract Terms, these Regulations and/or the Procedures. Notwithstanding the foregoing and in accordance with the Procedures, the Clearing House may, in its sole discretion, postpone or delay the registration of a ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction resulting from the exercise of a ForexClear Option Contract in the event of an administrative, system or processing delay that affects the Clearing House's ability to register such ForexClear Spot Transaction or ForexClear Deliverable Forward Transaction. For the avoidance of doubt, a postponement or delay pursuant to this Regulation 91(k) shall not (a) impact a ForexClear Option Clearing Member's ability to exercise a ForexClear Option Contract (or the deemed exercise of such ForexClear Option Contract pursuant to these Regulations or the Procedures), which exercise shall be irrevocable or (b) prevent the related ForexClear Spot Contracts or ForexClear Deliverable Forward Contracts, as applicable, from coming into existence. Where the Clearing House postpones or delays registration pursuant to this Regulation 91(k) with respect to a ForexClear Option Clearing Member, such ForexClear Option Clearing Member cannot be considered a Defaulter, and a Liquidity Event cannot be considered to have occurred with respect to

requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details, the Clearing House may in its sole discretion either:

- (i) not register any Listed Interest Rates Contract; or
 - (ii) register two Listed Interest Rates Contracts on terms the Clearing House determines and such terms shall be binding on the relevant Listed Interest Rates Clearing Members.
- (i) Without prejudice to Regulation 52, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall not be liable to any Listed Interest Rates Clearing Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any Listed Interest Rates Contract or any determination made by the Clearing House under paragraph (h), if the Clearing House does not receive the relevant details referred to in paragraph (c)(iv) by the time referred to in such paragraph (c)(iv).
- (j) Subject to its rights to suspend the Listed Interest Rates Open Offer and/or the Listed Interest Rates Clearing Service generally or in respect of one or more Rates Exchanges or to withdraw the Listed Interest Rates Clearing Service in whole or in part, as set out in these Regulations or the Procedures, the Clearing House undertakes to keep open the offer made by it in this Regulation 97 until such Listed Interest Rates Clearing Member is no longer eligible to have Listed Interest Rates Contracts registered in its name or has withdrawn from trading through each Rates Exchange notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an Rates Exchange must be notified to the Clearing House in accordance with the Procedures.
- (k) Without prejudice to Regulation 35, a Listed Interest Rates Clearing Member shall be bound by Listed Interest Rates Contract registered in its name in respect of a Rates Exchange Match under these Regulations and notwithstanding that the requirements of paragraph (c) may not have been satisfied in respect of the Listed Interest Rates Clearing Member.
- (l) Notwithstanding any other provision in this Regulation 97, the Clearing House may with the agreement of the Listed Interest Rates Clearing Member(s) party to corresponding Listed Interest Rates Contracts set aside or take such other steps with respect to such contracts on such terms as may be agreed if either or both Listed Interest Rates Clearing Members consider that they have entered into a contract in error or that certain terms of the contract have been agreed by them, or on their behalf, in error.

otherwise) may be retained by the Clearing House. The Clearing House may at any time and from time to time demand transfer by such Listed Interest Rates Clearing Member of additional Collateral, in such amount as it may deem appropriate in respect of such contract or contracts, to be held by the Clearing House under these Regulations until the claim is finally disposed of. The amount of such Collateral to be transferred by the Member to the Clearing House shall be assessed by reference to such circumstances as the Clearing House in its discretion deems relevant

- (e) Without prejudice to the generality of Regulation 52 or any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, any liability of the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) to a Member or to any other person (including, without limitation, any client of a Member) which might otherwise arise in connection with the Listed Interest Rates Clearing Service shall, if and to the extent such liability arises out of any act or omission of any third party upon whom the Clearing House is reliant in any material respect in its provision of the Listed Interest Rates Clearing Service (including, without limitation, a Rates Exchange or any provider of transaction routing functionality), be limited to such amounts as the Clearing House is entitled to recover and is successful in recovering from that third party in respect of that party's acts and/or omissions.
- (f) No person may refer to arbitration any dispute arising from or in connection with the Default Rules or any step taken or proposed to be taken under the Default Rules.

REGULATION 114 REJECTION OF RATES EXCHANGE MATCHES AND OF LISTED INTEREST RATES NOVATION TRANSACTIONS

- (a) Any Rates Exchange Match, particulars of which are presented to the Clearing House, or its relevant approved agent, for registration by the Clearing House as a Listed Interest Rates Contract, which does not meet the relevant Listed Interest Rates Open Offer Eligibility Criteria, or which the Clearing House declines to register under any other provision of these Regulations or the Procedures, will, subject to paragraph (c), be rejected by the Clearing House and no Listed Interest Rates Contracts shall be deemed to have arisen. If the Clearing House rejects the Rates Exchange Match, the presenting Clearing Members and relevant Rates Exchange will be notified of the rejection within the required timeframe under all Applicable Law. Without prejudice to the generality of Regulation 52, and any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person with regard to the rejection by it of any such Rates Exchange Match.
- (b) Any Listed Interest Rates Novation Transaction, particulars of which are presented to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an Listed Interest Rates Contract, which does not meet the relevant Listed Interest Rates Novation Transaction Eligibility Criteria, or which the Clearing House declines to register under any other provision of these Regulations or the Procedures, will, subject to paragraph (c), be rejected by the Clearing House and no Listed Interest Rates Contracts shall be deemed to have arisen. If the Clearing House rejects the Listed Interest Rates Novation Transaction, the presenting Clearing Members and relevant Rates Exchange will be notified of the rejection within the required timeframe under all Applicable Law. Without prejudice to the generality of Regulation 52, or any other provision of the Regulations and Procedures concerning liability of the Clearing House or a Member, the Clearing House (and each other member of the LCH Group ~~Holdings Limited~~ and their respective officers, employees and agents) shall have no liability whatsoever to any Member or any other person with regard to the rejection by it of any such Listed Interest Rates Novation Transaction.
- (c) The Clearing House may, in its absolute discretion, agree to register an Listed Interest Rates Contract, notwithstanding that it does not meet the relevant Listed Interest Rates Open Offer Eligibility Criteria or Listed Interest Rates Novation Transaction Eligibility Criteria (as applicable) or it contains invalid or incomplete message data, in accordance with provisions prescribed by the Clearing House from time to time in the Procedures.

Appendix IV
Procedures Section 1



LCH LIMITED

PROCEDURES SECTION 1

**CLEARING MEMBER, NON-MEMBER MARKET
PARTICIPANT AND DEALER STATUS**

1.10 Additional Requirements

Notification of Changes of Ownership

Clearing Members (other than Special Clearing Members, who shall be subject to such specific terms as set out in their Clearing Membership Agreement) are required, under the terms of their Clearing Membership Agreement, to notify or pre-notify the Clearing House of changes in controlling holdings (defined as the exercise or control of 20% or more of the voting power of the firm). The Clearing House recognises that, in the case of Clearing Members which are part of large financial groups, changes in controllers may occur with relative frequency, which may only be known after the event and are unlikely to be significant to the Clearing House. However, in cases of changes in ownership, and particularly where those potentially acquiring a dominant stake in a Clearing Member are not known to the Clearing House, Clearing Members are required to pre-notify the Clearing House of their plans. The proposed change of ownership may be subject to an approval process involving the Risk Committee and Board of the Clearing House.

Due Diligence and Know Your Customer

Clearing Members are required to respond to all due diligence requests, including but not limited to, annual updates, issued by the Clearing House within a reasonable period of time. In addition, all Clearing Members must ensure that they comply in relevant jurisdictions with all applicable anti-money laundering and sanctions legislation and regulations, including but not limited to, client due diligence and sanctions screening, and upon request from the Clearing House, will be required to evidence the same.

Fees; Charges

The Clearing House shall be entitled to charge Clearing Members fees, charges, levies and other dues as prescribed by the Clearing House from time to time, **provided**, that the Clearing House shall provide Clearing Members no fewer than fourteen (14) days' prior notice of any increase to such fees, charges, levies or other dues. The Clearing House may provide the aforementioned notice by way of Clearing Member circular or notification, which may include notification via the Clearing House's website.

1.11 Other Conditions

The Clearing House may, at any time, impose additional conditions in relation to continued Clearing Member status, and at any time vary or withdraw any such conditions, provided that any such conditions which restrict, or may be considered to have the effect of restricting, access of a Clearing Member to the Clearing House shall be imposed only in circumstances where, and to the extent that, their object is to control the exposure of the Clearing House to risk. Clearing Members are referred to the Clearing House's website at <http://www.lchclearnet.com/risk-collateral-management/risk-management-overview> for further information about the relevant internal risk management policies and procedures of the Clearing House.

Appendix V
Procedures Section 2C



LCH LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

1. SWAPCLEAR CLEARING SERVICE

1.1 The Clearing Process

The SwapClear Service is an interface that processes and stores all SwapClear Transactions received from an Approved Trade Source System.

SCMs are Clearing Members who have applied and have been accepted by the Clearing House to clear in the SwapClear Service. SwapClear Dealers are not Clearing Members but have met the criteria for registration as a SwapClear Dealer and have entered into a SwapClear Dealer Clearing Agreement with an SCM and the Clearing House. Subject to obtaining approval from the Clearing House's Onboarding Department, an SCM may offer certain SwapClear Client Clearing Services to SwapClear Clearing Clients. SwapClear Client Clearing Services are provided to SwapClear Clearing Clients through an Individual Segregated Account, an Indirect Gross Account, a Custodial Segregated Account or an Omnibus Segregated Account. SCMs should contact the Clearing House's Onboarding Department for further details of the SwapClear Client Clearing Service and the Clearing House's approval process (+44 (0)20 7426 7949; onboarding@lch.com).

An SCM Branch must always be the same legal entity as the SCM and, subject to authorisation by the Clearing House, it may present SwapClear Transactions to the Clearing House, for registration as SwapClear Contracts in the name of the SCM, using its own BIC code.

Therefore, where a SwapClear Transaction is presented for clearing by an SCM Branch, it is deemed to have been presented to the Clearing House for registration by, and in the name of, the SCM of which it is part.

1.1.1 *SwapClear Service Functions*

The following functions are performed within the SwapClear Service:

- (a) processing and settlement of coupon payments;
- (b) processing and settlement of consideration (fee) payments;
- (c) calculation of initial and variation margin requirements;
- (d) calculation of the net present value of SwapClear Transactions;
- (e) calculation of the cumulative net present value of certain SwapClear Transactions;
- (f) calculation of ~~MER requirements and~~ SwapClear Tolerance Limits;
- (g) calculation of price alignment interest and price alignment amounts;
- (h) adjustment of cash payments to conform with opening days and the SwapClear calendars;

- (i) allocation and designation of trades to a position-keeping account; and
- (j) reporting of registered trades.

SwapClear Transactions presented via an Approved Trade Source System (i.e. new trades presented for intra-day registration or existing trades presented for overnight registration will, subject to meeting all requirements prescribed by the Clearing House, be processed and stored within the SwapClear clearing system. Information regarding SwapClear Contracts and margin reporting will be disseminated via the SwapClear Clearing Member reporting system (see Section 1.1.3).

1.1.2 *Clearing House System Requirements*

A SwapClear Clearing Member must, in order to present SwapClear Transactions to the Clearing House, be a user of an Approved Trade Source System.

1.1.3 *SwapClear Clearing Member Reporting System*

The Clearing House has various arrangements for the notification to SCMs of SwapClear Contract registrations and other information. These make use of systems including the following:

- (a) Clearing Member reports;
- (b) Approved Trade Source Systems; and
- (c) the ClearLink API.

An end-user report generation and analytical capability is provided by the Clearing House to SCMs. All SwapClear reports will be disseminated via the Clearing House's secure password access Clearing Member-only website. These reports are the definitive record as to registration by the Clearing House.

The Clearing House is not liable for any corruption or alteration of messages or loss of data which may take place within any Approved Trade Source System.

SCMs will be able to ~~customise and~~ produce reports either to print locally or to download in machine-readable data-file format. Queries about the Clearing Member-only website should be directed to the Clearing House's Service Desk on +44 (0)20 7426 7200.

1.1.4 *Clearing House Reporting*

- (a) The Clearing House (acting, where applicable, through the entity to which it has elected to delegate the relevant reporting obligation) shall report to a trade repository or similar body the details of a SwapClear Contract and any modification or termination of such contract without

duplication and no later than the working day following the conclusion, modification or termination of such contract, in each case as required by in-line with the requirements of Applicable Law.

- (b) The Clearing House will report to the Japanese Financial Services Authority (the “**JFSA**”) details of all non-Yen SwapClear Transactions of a SwapClear Clearing Member where such SwapClear Clearing Member has a branch operating in Japan, unless such SwapClear Clearing Member provides the Clearing House with one of the following:
- (i) Confirmation that it does not execute any SwapClear Transactions through its Japanese branch (such that no SwapClear Transactions will be reported to the JFSA by the Clearing House); or
 - (ii) Details of the identifier through which the relevant SwapClear Clearing Member executes all of the SwapClear Transactions of its Japanese branch (such that only the SwapClear Transactions associated with that identifier will be reported to the JFSA by the Clearing House).

SwapClear Clearing Members shall notify the Clearing House in the event of any changes to its reporting obligations pursuant to this Section 1.1.4(b).

- (c) For purposes of reporting obligations to the CFTC, SwapClear Clearing Members may only report details of SwapClear Contracts, including terminations and modifications to a SwapClear Contract, to an Approved LCH SDR. A list of Approved LCH SDRs is available on the Clearing House's website. In the event a SwapClear Clearing Member wishes to report details of SwapClear Contracts to a swap data repository that is not an Approved LCH SDR, the SwapClear Clearing Member must provide the Clearing House with reasonable prior notice of the date on which it wishes to report to such swap data repository.

SwapClear Clearing Members must inform their respective SwapClear Clearing Clients of the list of Approved LCH SDRs, and inform such SwapClear Clearing Clients that the Clearing House is only able to report details of a SwapClear Contract to an Approved LCH SDR.

In accordance with CFTC Part 45 requirements (where the SwapClear Clearing Member has a reporting obligation), SwapClear Clearing Members must provide the Clearing House (i) the USI of the original swap that is submitted to the Clearing House for registration and (ii) the LEI of the original swap SDR (i.e. “OriginalSwapRepository” or equivalent field) to enable the Clearing House to accurately report the termination of the original swap to the appropriate SDR.

Prior to and as a precondition to the registration of an eligible SwapClear Transaction, the relevant SwapClear Clearing Member must provide notice to and receive approval from the Clearing House (or have previously provided such notice and received such approval), in such form as determined by the Clearing House in its sole discretion, with respect to each type of SwapClear Transaction to be presented for registration (be it with respect to tenor, currency or other eligibility criteria). Notwithstanding anything herein to the contrary, if (a) notification pursuant to this paragraph is not received by the Clearing House, (b) the relevant SwapClear Clearing Member does not receive approval from the Clearing House pursuant to this paragraph, or (c) such approval granted pursuant to this paragraph has been rescinded by the Clearing House, the Clearing House may, in its sole discretion, reject any relevant SwapClear Transaction.

1.3.2 *Clearing House Notification*

In the case of a SwapClear Clearing Member which has been nominated to register a SwapClear Transaction on behalf of a third party Executing Party other than a SwapClear Dealer, the Clearing House will (only where such SwapClear Transaction is not a Trading Venue Transaction) provide notification to such SwapClear Clearing Member of the relevant SwapClear Transaction and that it has been so nominated, via member reports, the ClearLink API or otherwise ("**Notification**"). Where a SwapClear Clearing Member is nominated to clear both SwapClear Contracts arising from the registration of a SwapClear Transaction in the capacities described in this paragraph, such SwapClear Clearing Member will receive two separate Notifications from the Clearing House in relation to such SwapClear Transaction. All Notifications shall be provided within the required timeframe under all Applicable Law. In all other cases, no Notification will be provided to any SwapClear Clearing Member.

In respect of a SwapClear Transaction that is not a Trading Venue Transaction, following receipt of a Notification, a SwapClear Clearing Member may choose to grant or refuse consent to register the SwapClear Transaction. It is a condition for registration of such a SwapClear Transaction that a SwapClear Clearing Member grants a separate consent (each, a "**Necessary Consent**") in respect of each Notification received by it in relation to the registration of such SwapClear Transaction. The Clearing House has an automated system which it operates on each business day for the purposes of rejecting SwapClear Transactions which have been presented for clearing but in respect of which any Necessary Consent has not been notified to the Clearing House prior to the LCH Cut-off Time. The "**LCH Cut-off Time**" in respect of a SwapClear Transaction will be the expiry of the timeframe determined by the Clearing House. If a SwapClear Clearing Member has not notified the Clearing House of a Necessary Consent by the LCH Cut-off Time, it will be deemed to have rejected the relevant SwapClear Transaction. Any Necessary Consent of a SwapClear Transaction notified by a SwapClear Clearing Member to the Clearing House prior to the LCH Cut-off Time is irrevocable. Any Necessary Consent notified by a SwapClear Clearing Member to the Clearing House after the LCH Cut-off Time shall be invalid.

In circumstances where the registration of a SwapClear Transaction is conditional upon one or more Necessary Consent(s) being notified by the applicable SwapClear Clearing Member(s), the relevant SwapClear Transaction shall be deemed to have been "submitted" to the Clearing House by each such SwapClear Clearing Member at the time when it notifies the Clearing House of its Necessary Consent. In all other circumstances, a SwapClear Transaction shall be "submitted" to the Clearing House by the applicable SwapClear Clearing Member upon being presented to the Clearing House for clearing by or on behalf of such SwapClear Clearing Member (or its SCM Branch) or by or on behalf of a SwapClear Dealer (acting in such capacity with respect to the relevant SwapClear Transaction) approved to clear SwapClear Transactions through the relevant SwapClear Clearing Member.

In accordance with Section 1.3.5 of these Procedures, it is a precondition for the registration of a SwapClear Contract that the applicable SwapClear Clearing Member has complied with all requirements to provide sufficient Collateral (taking into account ~~MER~~, Client Buffer and/or SwapClear Tolerance, if any) to the Clearing House as of the time of "submission" or "deemed submission" of the SwapClear Transaction to which the SwapClear Contract relates, except that such Collateral shall not be required to be provided prior to registration as a condition thereto if such SwapClear Transaction is a Sub-Block Trading Venue Transaction. For the avoidance of doubt, in respect of the registration of a SwapClear Transaction other than a Sub-Block Trading Venue Transaction, each SwapClear Clearing Member or the relevant SwapClear Clearing Member and FCM Clearing Member must have complied with all requirements to provide sufficient Collateral (taking into account ~~MER~~, Client Buffer and/or SwapClear Tolerance, if any) at the time when it submitted or was deemed to have submitted (as applicable) the relevant SwapClear Transaction.

In exceptional circumstances, where a Clearing Member experiences technical issues such that it is unable to accept or reject a Notification, it may contact the Clearing House via email to request that a SwapClear Transaction to which a Notification relates be accepted or rejected on its behalf. In such circumstances, and unless the Clearing House notifies the Clearing Member otherwise, the Clearing House will manually accept or reject the SwapClear Transaction on behalf of the requesting Clearing Member and will confirm registration or rejection of the SwapClear Transaction via email. In the event that a Clearing Member requests the manual acceptance or rejection of a SwapClear Transaction it shall ensure that such acceptance is requested by appropriately authorized personnel. The Clearing House shall have no liability in the event that a Clearing Member suffers a loss through the unauthorised manual acceptance or rejection of a SwapClear Transaction.

1.3.3 *Trade Registration Facilitation: SwapClear Tolerance, Client Buffer and ~~MER (Minimum Excess Requirement) Standing Order Amount~~*

In order to facilitate the registration of SwapClear Contracts by SwapClear Clearing Members, the Clearing House may:

~~(a) require the transfer to the Clearing House of additional Collateral from those SwapClear Clearing Members participating in the MER Arrangements (as defined below) at the relevant time;~~

~~(b)(a)~~ where sufficient Collateral ~~(including, but not limited to, any MER)~~ is not available in relation to a Client Account, allocate Client Buffer (as further described below); and/ or

~~(e)(b)~~ where sufficient Collateral (including, ~~but not limited to, any MER and/or~~ Client Buffer) is not available, provide SwapClear Tolerance on a daily basis (as further described below).

The Clearing House will set ~~MER requirements (where applicable) and~~ SwapClear Tolerance Limits (as defined below) based on a number of factors, including a SwapClear Clearing Member's credit rating, risk profile and, an analysis of the incremental risk registered by a SwapClear Clearing Member during a historic look-back period. ~~and, in the case of the overall value of the SwapClear Tolerance which may be made available to a SwapClear Clearing Member, whether the SwapClear Clearing Member is a participant in the MER Arrangements at the relevant time.~~ However, the Clearing House sets ~~MER requirements and~~ SwapClear Tolerance Limits in its sole discretion, and may modify its methodologies at any time or may vary them across different SwapClear Clearing Members.

Client Buffer can also be used to cover the Total Required Margin Amount in relation to existing SwapClear Contracts registered in connection with SwapClear Client Clearing Business.

Client Buffer

If a SwapClear Clearing Member has not transferred sufficient Collateral ~~(taking into account any delivered with respect to MER)~~ to (i) enable the registration of a SwapClear Contract in a Client Account; and/or (ii) cover the Total Required Margin Amount on a Client Account in relation to existing SwapClear Contracts, then the Clearing House will, without further reference to the SwapClear Clearing Member, to the extent required, transfer any available Client Buffer from the SwapClear Clearing Member's Client Buffer Account to the relevant Client Account. However, prior to the Default of the SwapClear Clearing Member or the occurrence of a Termination Date specified by the relevant SwapClear Clearing Member under Regulation 45, amounts standing to the credit of the Client Buffer Account are not available to support House Clearing Business and can only be used to support SwapClear Client Clearing Business.

Where Client Buffer has been used to enable the registration of, or to meet any other intraday margin requirements in connection with, a SwapClear Contract in a Client Account, the relevant Collateral shall be recorded in the collateral sub-account associated with the relevant Client Account and shall form part of the Clearing Member Current Collateral Balance in respect of the relevant Client Account.

and currently recorded to the relevant Client Account (if any) and the amount of SwapClear Tolerance utilised by the relevant Client Account (if any) for each such Client Account at that time.

Conversely, any additional Collateral allocated to the Client Buffer Account by the SwapClear Clearing Member will remain in the Client Buffer Account until it is needed to enable the registration of, or to meet other intraday margin requirements in connection with, other SwapClear Contracts entered into in connection with SwapClear Client Clearing Business, irrespective of whether one or more Client Accounts may be utilising SwapClear Tolerance at the time such additional Collateral is allocated to the Client Buffer Account.

SwapClear Tolerance

If a SwapClear Clearing Member has not transferred sufficient Collateral (taking into account any ~~delivered with respect to MER and, in the case of a Client Account, any~~ Client Buffer available in respect of ~~that a~~ Client Account) to the Clearing House to enable the registration of a SwapClear Contract, then the Clearing House may provide such SwapClear Clearing Member with temporary "tolerance" in the form of initial margin forbearance ("**SwapClear Tolerance**") to enable such registration. A SwapClear Clearing Member may utilise SwapClear Tolerance in between margin runs on a one-to-one basis to the value of the Collateral that would have been required to cover that SwapClear Clearing Member's initial margin requirements for newly registered SwapClear Contracts registered in between margin runs. For the avoidance of doubt, SwapClear Tolerance is provided in the form of temporary initial margin forbearance and a SwapClear Clearing Member's utilisation of SwapClear Tolerance does not give rise to any payment or transfer of Collateral by the Clearing House or result in any use of default fund resources (except following a Default).

The Clearing House will determine, in its sole discretion, the maximum value of the SwapClear Tolerance (which may be zero) (the "SwapClear Tolerance Limit") which it will make available to a SwapClear Clearing Member at any particular time. SwapClear Tolerance is made available by the Clearing House to a SwapClear Clearing Member at the Clearing House's sole discretion. The Clearing House may adjust the value of a SwapClear Clearing Member's SwapClear Tolerance Limit, and/or require a SwapClear Clearing Member to transfer Collateral to the Clearing House in respect of any utilised SwapClear Tolerance, at any time and without prior notice to the relevant SwapClear Clearing Member. The Clearing House will provide each SwapClear Clearing Member with information regarding its SwapClear Tolerance Limit and will, as promptly as reasonably practicable, notify it following any adjustment to the amount of its SwapClear Tolerance Limit. Subject to the above, a SwapClear Clearing Member will typically be required to transfer Collateral to the Clearing House in respect of any SwapClear Tolerance utilised by it in the margin run immediately following the time of the relevant registration of a SwapClear Contract where SwapClear Tolerance was utilised.

Any failure of a SwapClear Clearing Member to satisfy a call for Collateral relating to SwapClear Tolerance may give rise to a Default by such SwapClear Clearing Member, just as any failure by a SwapClear Clearing Member to satisfy any other call for Collateral may give rise to a Default.

Standing Order Amount

To facilitate the registration of SwapClear Transactions, a SwapClear Clearing Member may elect to maintain a minimum level of Client Buffer at the start of a business day (such amount, the “Standing Order Amount”), provided that the Clearing House may from time to time prescribe the type(s) of Client Accounts eligible for such election. The Clearing House may approve such election in its sole discretion. Upon the effectiveness of such election, if, at the end of a business day, the amount of a given SwapClear Clearing Member’s available Client Buffer or House Excess is less than the Standing Order Amount, the Clearing House will call the SwapClear Clearing Member for an amount of cash Collateral equal to the difference. Any amount so called and received by the Clearing House pursuant to this section shall constitute Client Buffer or House Excess, as applicable, of the given SwapClear Clearing Member.

The form and manner of an election by a SwapClear Clearing Member pursuant to this section shall be determined by the Clearing House in its sole discretion (a “Standing Order Request”). In the event a SwapClear Clearing Member wishes to rescind or modify its Standing Order Request, it must contact the Clearing House’s Client Services Department (ratesclientservices@lch.com). The Clearing House may reduce the Standing Order Amount or terminate a Standing Order Request in its sole discretion.

Through submitting a Standing Order Request, a SwapClear Clearing Member warrants that the individual making the request on behalf of the SwapClear Clearing Member is appropriately authorized to do so.

Minimum Excess Requirement (“MER”)

~~The Clearing House has put in place arrangements (the “MER Arrangements”) (which will be optional for SwapClear Clearing Members) under which it will be able to call from each relevant SwapClear Clearing Member an amount of Collateral (the “MER Cover”) in respect of that SwapClear Clearing Member’s potential margin requirements (with respect to the registration of SwapClear Contracts) for the following day.~~

~~The Clearing House will calculate MER for each SwapClear Clearing Member using the same methodology and will publish such methodology to SwapClear Clearing Members. The Clearing House will provide 30 days’ notice before implementing any changes to the methodology used for calculating MER.~~

~~SwapClear Clearing Members are not required to participate in the MER Arrangements unless and until they elect to do so. In the event that a SwapClear Clearing Member wishes to change its participation status (the “Participation Status”) from opting in to the MER Arrangements to opting out~~

~~or vice versa it should contact the Clearing House to request applicable documentation (swapeclear.clientservices@lch.com). Changes in Participation Status are processed at the end of each month. All relevant documentation must be completed and returned to the Clearing House no later than 5 Business Days prior to the end of the month preceding the month to which the change in Participation Status applies. A SwapClear Clearing Member's Participation Status will remain unchanged until the Business Day following the day that the Clearing House confirms via email that the change in Participation Status has been processed. The Clearing House shall be entitled to treat the Participation Status of a SwapClear Clearing Member as continuing unchanged from month to month until such time as appropriate notice is received from such SwapClear Clearing Member and processed by the Clearing House in accordance with the provisions of this paragraph.~~

~~Any MER Cover delivered by a SwapClear Clearing Member will form part of the Clearing Member Current Collateral Balance of that SwapClear Clearing Member. SwapClear Clearing Members participating in the MER Arrangements will be called for MER Cover separately in respect of their Proprietary Account related to SwapClear Clearing House Business and/or their Client Accounts related to SwapClear Client Clearing Business. However, such MER Cover will not form part of any Account Balance or the Clearing Member Current Collateral Balance in respect of any Client Account unless such MER Cover has been attributed to any such account by the Clearing House in accordance with this section.~~

~~For the avoidance of doubt, failure to deliver MER Cover when required by the Clearing House will constitute a breach of these Procedures and the Regulations.~~

~~In relation to the registration of a SwapClear Contract on behalf of a SwapClear Clearing Client, the Clearing House shall determine if there is sufficient Collateral to enable such registration. If the SwapClear Clearing Member has not transferred sufficient Collateral to the Clearing Member to enable the registration of such SwapClear Contract, the Clearing House will determine whether there is any unutilised MER Cover related to SwapClear Client Clearing Business and, if so, will attribute the relevant part of such MER Cover to the relevant Client Account. In this context, the attribution of the MER Cover to the relevant Client Account means that it will be recorded as Collateral held in relation to such account and shall be treated as part of the Clearing Member Current Collateral Balance of such account.~~

~~At each end of day margin run, the Clearing House will recalculate and call, on an account by account basis, required Collateral in respect of the MER requirements of each SwapClear Clearing Member currently participating in the MER Arrangements.~~

~~In accordance with Section 1.3.5 of these Procedures, it is a condition for registration of a SwapClear Contract that the applicable SwapClear Clearing Member transfers sufficient Collateral to the Clearing House in respect of such SwapClear Contract prior to registration, except where such SwapClear~~

~~Contract results from a SwapClear Transaction that is a Sub-Block Trading Venue Transaction.~~

1.3.4 *Approved Trade Source Systems and Trading Venues*

(a) Approved Trade Source Systems

Application for approved trade source system status shall be made in accordance with the policies published from time to time on the Clearing House's website. A list of Approved Trade Source Systems currently approved by the Clearing House is available on the Clearing House's website. Where the Clearing House approves additional Approved Trade Source Systems, it will notify SwapClear Clearing Members via a member circular.

SwapClear Transactions presented through an Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any SwapClear Transaction details by that Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the SwapClear Clearing Members and that Approved Trade Source System.

The Clearing House will process any SwapClear Transaction reported to it by an Approved Trade Source System on an "as is" basis and, subject to the Rulebook, will register any such SwapClear Transaction on the basis of the data provided to it by the Approved Trade Source System and approved by the relevant SwapClear Clearing Member. The Clearing House has no obligation to verify that the details received properly reflect the trade entered into by the relevant Executing Parties.

The Clearing House accepts no liability for any error within or corruption of any data sent by an Approved Trade Source System to the Clearing House or to a SwapClear Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any SwapClear Contract on the basis of incorrect or corrupted data sent to it by an Approved Trade Source System and consented to (where applicable) by a SwapClear Clearing Member, the SwapClear Clearing Member concerned shall be bound by the terms of such SwapClear Contract. The Clearing House shall use its reasonable endeavours to assist the relevant SwapClear Clearing Member(s) in re-registering the trade on the correct basis but the Clearing House shall not be liable to a SwapClear Clearing Member or to any other party with regard to the registration (or lack of registration or re-registration) of any such SwapClear Contract.

SwapClear Clearing Members shall ensure that Necessary Consents are provided by appropriately authorised personnel. Apart from in respect of Necessary Consents, the Clearing House is not able to, and will not, verify the

1.3.5 Registration of New Trades

The following section does not apply to Backloaded Trades, which are dealt with in section 1.3.6 below.

Prior to it registering a SwapClear Contract resulting from a SwapClear Transaction other than a Sub-Block Trading Venue Transaction, the Clearing House will require the SwapClear Clearing Member in whose name such SwapClear Contract is to be registered to transfer to the Clearing House adequate Collateral in respect of initial margin requirements, variation margin requirements, and/or the settlement payment obligations (as applicable) relating to such Contract as a precondition to registration (taking into account any ~~_MER_~~ Client Buffer and/or SwapClear Tolerance, if any). In accordance with Regulation 55(e)(iv) (*Registration of SwapClear Contracts*), a SwapClear Clearing Member becomes obligated to transfer such Collateral (taking into account any ~~_MER_~~ Client Buffer and/or SwapClear Tolerance, if any) to the Clearing House at the time when the relevant SwapClear Transaction (that is not a Sub-Block Trading Venue Transaction) has been submitted or deemed to be submitted (as applicable) by the SwapClear Clearing Member and such SwapClear Clearing Member shall transfer such Collateral to the Clearing House prior to registration of the resulting SwapClear Contract. In respect of a SwapClear Contract resulting from a SwapClear Transaction that is a Sub-Block Trading Venue Transaction, the SwapClear Clearing Member in whose name such SwapClear Contract is registered shall transfer to the Clearing House sufficient Collateral in respect of such SwapClear Contract at such time after the registration of such SwapClear Contract as the Clearing House shall require.

Notwithstanding the foregoing (i) if the Clearing House registers a SwapClear Contract resulting from a SwapClear Transaction that is not a Sub-Block Trading Venue Transaction where one or both of the relevant SwapClear Clearing Members has not provided sufficient Collateral prior to registration, the SwapClear Clearing Members shall be bound by the terms of the SwapClear Contract relating thereto arising under Regulation 55 and any other applicable provision of the Rulebook, and (ii) if the Clearing House rejects a SwapClear Transaction that is a Sub-Block Trading Venue Transaction for reasons of insufficient Collateral, the Clearing House shall not be liable to any SwapClear Clearing Member or anyone else with regard to the registration (or lack of registration or re-registration) of any such SwapClear Transaction.

Upon a SwapClear Transaction being submitted to the Clearing House for registration, the Clearing House will determine whether to accept or reject the SwapClear Transaction within the required timeframe under all Applicable Law.

Where the Clearing House determines to accept the SwapClear Transaction, registration shall occur immediately and the SwapClear Transaction shall be automatically replaced with (as applicable) (i) two separate SwapClear Contracts, one between the relevant SwapClear Clearing Member and the Clearing House and the other between the same or another SwapClear

Clearing Member and the Clearing House, or (ii) one SwapClear Contract between the relevant SwapClear Clearing Member and the Clearing House and one FCM SwapClear Contract between the relevant FCM Clearing Member and the Clearing House. The SwapClear clearing system will respond, after processing, with a message confirming the registration. The registration notification message will be sent using the SwapClear Clearing Member reporting system and/or the FCM Clearing Member reporting system (as applicable) (including by way of the originating Approved Trade Source System). The definitive report of a registered SwapClear Contract will be shown within the SwapClear Clearing Member reporting system (see Section 1.1.3) on the SwapClear Clearing Member reporting account.

1.3.6 *Backloading of Existing Trades*

A SwapClear Transaction that has a Trade Date of greater than ten calendar days prior to the date of presentation of such SwapClear Transaction to the Clearing House for clearing is considered a backloaded trade by the Clearing House (a "**Backloaded Trade**"). Due to the nature of Backloaded Trades, SwapClear Clearing Members should note that a relatively large amount of Collateral is required to register such trades. The Clearing House provides the facility for SwapClear Clearing Members to load such eligible existing SwapClear Transactions, through an Approved Trade Source System. Where the Clearing House approves additional Approved Trade Source Systems for these purposes, it will notify SwapClear Clearing Members via a member circular. Backloading requires bilateral agreement between the relevant Executing Parties and acceptance by the SwapClear Clearing Member(s) or the SwapClear Clearing Member and the FCM Clearing Member (as the case may be) of the full particulars required by the Clearing House for each such SwapClear Transaction.

At least once every Business Day, the Clearing House will carry out a process (each a "**Backload Registration Cycle**") for the registration of Backloaded Trades which have been presented for clearing or with respect to which the Clearing House has received one or more Necessary Consents, if any. Following each Backload Registration Cycle, the Clearing House will calculate the increase in Collateral required to register the Backloaded Trade(s) and will notify each relevant SwapClear Clearing Member (the "**Backload Margin Call**").

The Backload Margin Call will be for the entire amount of additional Collateral required in connection with the Backloaded Trade(s), and the Backload Margin Call cannot be satisfied by and will not take into account SwapClear Tolerance (i.e. SwapClear Tolerance is not available for this purpose) or any available ~~MER Cover or~~ Client Buffer (other than that which has been expressly allocated for that purpose, as described in the paragraph below). In connection with a Backload Margin Call, following the time that a SwapClear Clearing Member is required to deliver to the Clearing House the Collateral associated with such Backload Margin Call (the "**Backload Margin Call Deadline**"), the Clearing House will issue such SwapClear Clearing Member with a subsequent margin call to deliver Collateral in respect of any

time that the Clearing House determines that sufficient Collateral has been provided to register that Backloaded Trade.

For any SwapClear Transaction which is a Backloaded Trade, where one leg is to be registered as an FCM SwapClear Contract, the FCM Rulebook will apply with respect to such registration of an FCM SwapClear Contract.

The Clearing House shall publish the following via member circular:

- (i) times of Backload Registration Cycles;
- (ii) the Individual Backload Value Threshold; and
- (iii) the Aggregate Backload Margin Threshold.

1.3.7 *Notification*

In respect of a SwapClear Transaction which is:

- (a) a Trading Venue Transaction, the Clearing House will notify the SwapClear Clearing Members, Trading Venue and (if the originating Approved Trade Source System is different from the Trading Venue) the originating Approved Trade Source System of registration or rejection of the SwapClear Transaction (as applicable); and
- (b) not a Trading Venue Transaction, the Clearing House will notify the SwapClear Clearing Members (via the originating Approved Trade Source System or ClearLink API) of registration or rejection of the SwapClear Transaction (as applicable),

in each case within the required timeframe under all Applicable Law

1.3.8 *Rejected Trades*

Trades presented for registration that do not meet the SwapClear Eligibility Criteria or any other requirement for registration under the Rulebook, including a trade (a) presented by or on behalf of a SwapClear Clearing Member in respect of a third party Executing Party other than a SwapClear Dealer where such trade was executed on a Trading Venue that was not at the time of execution of such trade an Eligible Trading Venue in respect of such SwapClear Clearing Member, (b) presented by or on behalf of a SwapClear Clearing Member that was executed on a trading venue or facility that had not at the time of the execution of such trade been approved by the Clearing House as a Trading Venue, (c) which contains invalid or incomplete message data, or (d)(i) which is not a Sub-Block Trading Venue Transaction, and (ii) with respect to which the Clearing House has not received sufficient Collateral (taking into account ~~MER~~, Client Buffer and/or SwapClear Tolerance, if any) will, in each case, be rejected.

If a trade is presented to the Clearing House for registration and rejected, it may be re-presented for registration in the form of a new trade but with the same economic terms in accordance with, and subject to, the Rulebook and all

USD LIBOR & OIS	20:00
ZAR	16:30
EURO OIS	18:00
GBP OIS	18:00

Zero coupon yield curves used for daily marking to market or settlement-to-market (as applicable) will be published on the Clearing House's member reporting website at intervals during the day as the prices and rates are captured.

1.7.3 *Net Present Value and Cumulative Net Present Value*

The Clearing House will calculate the net present value ("NPV") of each eligible SwapClear Contract using the Clearing House's zero coupon yield curves.

On the basis of, amongst other things, the net present value so calculated in relation to a relevant SwapClear Contract, the Clearing House shall calculate the Cumulative Net Present Value of that SwapClear Contract.

It is a condition of registration that sufficient Collateral, as determined by the Clearing House, is held with the Clearing House to cover the variation margin, initial margin and/or NPV Payment obligations (as applicable) in respect of each SwapClear Transaction (taking into account, for these purposes, any ~~MER and/or~~ SwapClear Tolerance, if any), except that such Collateral shall not be required to be provided prior to registration as a condition thereto if such SwapClear Transaction is a Sub-Block Trading Venue Transaction.

1.7.4 *Price Alignment Interest*

The transfer of Collateral in respect of variation margin on a daily basis without adjustment would distort the pricing for SwapClear Transactions cleared through the Clearing House. In order to minimise the impact of variation margin, the Clearing House will for each SCM either charge interest on cumulative amounts received by the SCM in respect of variation margin obligations, or pay interest on cumulative amounts paid by the SCM in respect of variation margin obligations. In a negative interest rate environment where the applicable PAI Rate is negative, the Clearing House will for each SCM either pay interest on cumulative amounts received by the SCM in respect of variation margin obligations, or charge interest on cumulative amounts paid by the SCM in respect of variation margin obligations.

The Clearing House will calculate all coupon payments for SwapClear Contracts that are non-deliverable interest rate swaps, including the Fixed Amount or Floating Amount payable under any such SwapClear Contract, in USD, and all amounts due or payable under such SwapClear Contracts must be paid in USD.

1.9 Initial Margin

The Clearing House will require SCMs to transfer Collateral in respect of their initial margin obligations, which are not discharged. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate initial margin requirements for SwapClear Contracts.

Separate initial margin calculations are performed for an SCM's Proprietary Accounts and for each Individual Segregated Account, Custodial Segregated Account, Omnibus Segregated Account (other than an Omnibus Gross Segregated Account), and Indirect Gross Sub-Account within an Indirect Gross Account. In respect of each Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client) separate initial margin calculations are performed in respect of the SwapClear Contracts entered into by the relevant SCM on behalf of each such Omnibus Gross Segregated Clearing Client. In respect of a group of Combined Omnibus Gross Segregated Clearing Clients a single initial margin calculation is performed in respect of SwapClear Contracts entered into by the relevant SCM on behalf of each such group of Combined Omnibus Gross Segregated Clearing Clients.

No offset between the "C" and the "H" accounts is allowed (except (i) pursuant to Rule 8(d) of the Default Rules or any Insufficient Resources Determination Rule, or (ii) in relation to the transfer of House Excess or Client Buffer in accordance with the Rulebook) and no offset between any Client Accounts is allowed (except pursuant to Rule 15(a)(ii) of the Default Rules, a Cross-ISA Client Excess Deduction or any Insufficient Resources Determination Rule).

1.9.1 Margin Parameters

The Clearing House Risk Management Department uses appropriate yield curve scenarios, both in terms of shape and magnitude of movement, to capture potential losses based on an observed history - the primary component of the initial margin calculation. These scenarios will be continually monitored and reviewed periodically or on an ad hoc basis according to market conditions. However, in accordance with the Regulations, the Clearing House retains the right at its discretion to vary the rates for the whole market or for a specific SCM's Proprietary Account and/or Client Accounts.

1.9.2 Counterparty Risk Multiplier

~~Where a risk multiplier is applied to an SCM that has SwapClear Clearing Clients, that multiplier will be applied only to SwapClear Clearing Clients that have no Backup Clearing Member.~~

Clients in respect of whom the SwapClear Clearing Member clears Contracts with the Clearing House in an Indirect Gross Account.

1.15 Portfolio Transfers (BAU)

1.15.1 Introduction

The SwapClear Clearing System provides functionality for transfer of one or more Transferring SwapClear Contracts between the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee, including, where relevant, the transfer of an Associated Collateral Balance. For the avoidance of doubt, and subject to the requirements of FCM Regulation 46(p), an FCM Clearing Member, acting for its own account or for the account of an FCM Client, may be an Eligible Transferor or an Eligible Transferee.

For transfers other than Permitted Transfers (as defined in Section 1.15.2 below), please contact the Clearing House Risk Management Department.

SwapClear Dealers who wish to change their SCM will be required to execute a new SwapClear Dealer Clearing Agreement with their intended new SCM. The Clearing House will, if all parties are in agreement, effect a transfer of positions from one SCM to the other.

1.15.2 Permitted Transfers

An End-of-Day Full Transfer, End-of-Day Partial Transfer, Intra-Day Non-Bulk Transfer or Intra-Day Bulk Transfer that meets the criteria in any of (a) through (g) below shall be a “**Permitted Transfer**” for purposes of Regulation 60 (*Transfers*) and this Section 1.15. For the avoidance of doubt, a Permitted Transfer may be effected for all or part of the notional amount associated with the Transferring SwapClear Contracts.

- (a) a transfer of one or more Transferring SwapClear Contracts where:
 - (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;
- (b) a transfer of one or more Transferring SwapClear Contracts where:
 - (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity, **provided that**;
 - ~~(i) the Transferring SwapClear Contracts are owned or beneficially owned by the same Clearing Client; or~~
 - ~~(ii) an error has been made in the registration of a SwapClear Contract and the error is discovered and the transfer is completed within three Business Days (or such other longer period that the Clearing House may agree to in its sole discretion) after the registration of the SwapClear Contract;~~

- (c) the Clearing House may require that certain changes be made to the books and records of one of more Approved Trade Source Systems in order to reflect the Permitted Transfer;
- (d) the Clearing House is acting solely upon the SCM's instructions as detailed to the Clearing House in writing and in reliance on the SwapClear Clearing Member's agreements and representations (including as set out in this Section 1.15.10) in connection therewith;
- (e) the Permitted Transfer is permissible under Applicable Law and is not in violation of Applicable Law, and the SCM has obtained any and all necessary and appropriate consents, authorisations and approvals, and has taken any other actions required under Applicable Law in connection with the Permitted Transfer; and
- (f) the Clearing House shall not be liable for any costs, expenses, damages or losses, whether direct or indirect, suffered by any of the parties hereto, or by the Eligible Transferor or Eligible Transferee, as a result of any actions taken by the Clearing House in connection with the Permitted Transfer.

1.15.11 Fees

Any Permitted Transfer effected pursuant to Regulation 60 and in accordance with these Procedures and (where applicable) any relevant Collateral Management Agreement will be subject to such fees as are established by the Clearing House from time to time in its sole and absolute discretion, and notified to SwapClear Clearing Members via a member circular.

1.16 Compression

A SwapClear Clearing Member may compress existing SwapClear Contracts in accordance with Regulation 56. There are two options available to a SwapClear Clearing Member that wishes to compress existing SwapClear Contracts:

- (a) a SwapClear Clearing Member can request that all SwapClear Contracts entered into on behalf of a designated SwapClear Clearing Client (or, where relevant, in respect of an Indirect Gross Sub-Account) or on such SwapClear Clearing Member's own behalf be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the SwapClear Clearing Member after the applicable scheduled compression run) until the SwapClear Clearing Member notifies the Clearing House to discontinue such compression of SwapClear Contracts. SwapClear Clearing Members should contact the Clearing House's Membership Department to request such a compression of SwapClear Contracts; or
- (b) a SwapClear Clearing Member may notify the Clearing House directly through the ClearLink API specifying which SwapClear Contracts should be compressed. Additionally, a SwapClear Clearing

Member may provide such notice to the Clearing House through any Approved Trade Source System previously approved for this purpose by the Clearing House, but only where the compression is by way of netting in respect of one or more pairs of SwapClear Contracts that have substantially the same Economic Terms ~~and fixed rate~~ but for which the position of the SwapClear Clearing Member (on its own behalf or on behalf of the relevant SwapClear Clearing Client or, where relevant, in respect of an Indirect Gross Sub-Account) is (x) in the opposite direction on each leg of such pair (i.e. obligations to make payment netted against rights to receive payment), such that the SwapClear Contract that replaces such pair of SwapClear Contracts to be compressed shall have a notional amount equal to the net notional amount of the original pair of SwapClear Contracts or (y) in the same direction on each leg of such pair (i.e. obligations to make payment aggregated and rights to receive payment aggregated), such that the SwapClear Contract that replaces the compressed SwapClear Contracts shall have a notional amount equal to the total notional amount of the original pair of SwapClear Contracts. The SwapClear Clearing Member will be notified after the applicable scheduled compression run whether compression has occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

In order to compress a SwapClear Contract, a SwapClear Clearing Member must have in its applicable Client Account or Proprietary Account SwapClear Contracts with the same compression identifier (being an identifier applied by the Clearing House which indicates that such SwapClear Contracts are eligible for compression) and shall then follow the process for compression as set out above.

In respect of each compression, the Clearing House will notify SwapClear Clearing Members of the cut-off time by which the Clearing House must be notified of the relevant SwapClear Contracts to be compressed in order for such SwapClear Contracts to be included in the relevant compression run. The Clearing House shall process the compression of all SwapClear Contracts notified to it prior to such cut-off time. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day. The Clearing House shall notify the applicable SwapClear Clearing Member after the applicable compression run of the result of such compression procedure. A SwapClear Clearing Member may, with the prior approval of the Clearing House and pursuant to Section 1.31, elect to receive such notification via any Approved Trade Source System previously approved by the Clearing House for such purpose.

A SwapClear Clearing Member that elects to provide notices or reports to the Clearing House through any Approved Trade Source System specifying which SwapClear Contracts should be compressed, have been compressed or any other information in relation to compressions acknowledges and agrees that (i) the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any compression-related details by that Approved Trade Source System to the Clearing

Upon receipt from each Compression Clearing Member in the relevant Member Compression Cycle of the SwapClear Contracts to be included in the Member Compression Cycle, the Clearing House may publish to each Compression Clearing Member a set of proposed Terminating SwapClear Contracts (which may be SwapClear CTM Contracts and/or SwapClear STM Contracts) and, if applicable, Post-Multilateral Compression Contracts (the “**Initial Member Compression Proposal**”).

Each Compression Clearing Member in the relevant Member Compression Cycle must review and agree on a set of Terminating SwapClear Contracts and, if applicable, Post-Multilateral Compression Contracts from the Initial Member Compression Proposal. For the avoidance of doubt, the Compression Clearing Members in the relevant Member Compression Cycle may agree on Terminating SwapClear Contracts and, if applicable, Post-Multilateral Compression Contracts that were not included in the Initial Member Compression Proposal. In the event a Compression Clearing Member selects Terminating SwapClear Contracts to be included in the relevant Member Compression Cycle, which were not set forth on the Initial Member Compression Proposal, the Compression Clearing Member must submit such other Terminating SwapClear Contracts to the Clearing House for inclusion in the relevant Member Compression Cycle.

In the event both Compression Clearing Members in the relevant Member Compression Cycle agree on a matching set of Terminating SwapClear Contracts and, if applicable, Post-Multilateral Compression Contracts, including any Terminating SwapClear Contracts that were set forth on the Initial Member Compression Proposal (each Compression Clearing Member’s Post-Multilateral Compression Contracts must be equal and offsetting with the other relevant Compression Clearing Member’s Post-Multilateral Compression Contracts), the Clearing House may present to each Compression Clearing Member a proposed final set of Terminating SwapClear Contracts and, if applicable, Post-Multilateral Compression Contracts for the given Member Compression Cycle (the “**Final Member Compression Proposal**”). Upon approval from each Compression Clearing Member of the Final Member Compression Proposal, such Final Member Compression Proposal shall constitute the Compression Proposal for the given Member Compression Cycle and the Clearing House may effect the Member Compression Cycle as set forth in Regulation 56 in its sole and absolute discretion.

SwapClear Clearing Members should contact swapclear.clientservices@lch.com for further information.

1.18 **Amendment of Trade References**

A SwapClear Clearing Member may wish to change its own trade references numbers/codes by which it identifies trades registered in the SwapClear Service. Subject to that SwapClear Clearing Member meeting all the Clearing House’s requirements and these Procedures (including those set forth in Section 1.19), the Clearing House will, as part of its service to SwapClear Clearing Members, amend its records in order to reflect this change. Such change has no effect whatsoever on the terms of any registered SwapClear Contract or any other obligations of the SCMs party to those contracts.

1.19 Trade Reference Amendment Request Form

SwapClear Clearing Members may submit a request to the Clearing House to amend a trade reference (either on behalf of the given SwapClear Clearing Member or a Clearing Client) (a “Trade Amendment Request”). Trade Amendment Requests must be submitted in the form and manner prescribed by the Clearing House from time to time, and may be approved by the Clearing House in its sole discretion. Upon approval by the Clearing House, Trade Amendment Requests will typically be processed within two business days. In the event the Clearing House is unable, or determines it will be unable, to process an approved Trade Amendment Request within two business days, it shall attempt to notify the given SwapClear Clearing Member as soon as reasonably practicable.

1.19.1 Processing

The Clearing House shall reject a Trade Amendment Request in the event that:

- (a) it is not made in accordance with these Procedures;
- (b) any trade reference submitted in the Trade Amendment Request does not (i) match the SwapClear Clearing Member’s trade reference in the Clearing House’s books and records or (ii) refer to a trade registered in the SwapClear clearing system;
- (c) any trade reference submitted in the Trade Amendment Request is not recorded by the Clearing House against the BIC code of the SwapClear Clearing Member requesting the amendment; or
- (d) it determines it advisable, in its sole discretion, for risk, legal, technical, cost or similar considerations.

Upon processing a Trade Amendment Request, the Clearing House will notify the given SwapClear Clearing Member and will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new SwapClear Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request. All records of the Clearing House and data held in the SwapClear clearing system will then be updated overnight following the close of the given business day.

~~The Clearing House requires a completed Trade Amendment Request Form (in the form prescribed by the Clearing House) to be submitted by any SwapClear Clearing Member wishing to amend a trade reference. The form must be signed by two persons from within the SwapClear Clearing Member with appropriate signing authority and must set out the required full details of each registered trade in respect of which the SwapClear Clearing Member wishes to change its trade reference. Evidence of such signing authority may be required by the Clearing House. All parts of the form must be properly and fully completed, including the requested date for trade reference amendment, and, in respect of each trade identified therein, details of the current trade reference and the new trade reference and the Clearing House trade reference number.~~

~~The requested date for trade reference amendment must be no earlier than two business days (the "Trade Reference Amendment Notice Period") after the date upon which the form is received by the Clearing House. While the Clearing House will do what it reasonably can to meet the requested date for the amendment it cannot promise to do so. The date for the amendment in the Clearing House's records and SwapClear clearing system is a matter entirely within the discretion of the Clearing House and SCMs will be advised in due course of the date set by the Clearing House.~~

~~1.19.1—Multi trade Amendments~~

~~If a SwapClear Clearing Member requests amendment to several trades it must (in addition to the hard copy Trade Reference Amendment Request Form) provide to the Clearing House an electronic text file containing all the relevant details required by the Trade Reference Amendment Request Form. Detail of the required formats of the file can be obtained from SwapClear Client Services (Tel: +44 (0) 20 7426 7651). If the file is not submitted in the correct format and containing all the required details, the request for deletion will be rejected by the Clearing House and the SwapClear Clearing Member advised accordingly.~~

~~1.19.2—Processing~~

~~The Clearing House will usually agree to process any request for amendment of trade reference properly submitted; however the Clearing House will reject any such request if:~~

- ~~(a) — it is not made in accordance with these Procedures;~~
- ~~(b) — any trade reference notified to the Clearing House in the Trade Reference Amendment Request Form does not match the SwapClear Clearing Member trade reference which the Clearing House has recorded;~~
- ~~(c) — any trade reference notified to the Clearing House in the Trade Reference Amendment Request Form does not refer to a trade registered in the SwapClear clearing system;~~
- ~~(d) — any trade referred to in the Trade Reference Amendment Request Form is not already registered in the SwapClear Clearing system or is not recorded by the Clearing House against the BIC code of the SwapClear Clearing Member requesting the amendment;~~
- ~~(e) — it would not be practical in all the circumstances or would put the Clearing House to unacceptable cost if the Clearing House were to make the requested amendments or the Clearing House forms the view that to do so would adversely affect its risk.~~

~~Following notification of agreement to make the requested amendments, the Clearing House will use its reasonable endeavours to process the amendments on the anticipated date of amendments; if, for whatever reason the Clearing~~

~~House is unable to do so, it will notify the SwapClear Clearing Member and process the amendment as soon as reasonably practicable thereafter.~~

~~After close of business of the day of processing, the Clearing House will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new SwapClear Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request — namely "amended" or "rejected". All records of the Clearing House and data held in the SwapClear clearing system will then be updated overnight following the close of business on that day.~~

~~1.19.3 Legal Documentation~~

~~The Clearing House will provide the requesting SwapClear Clearing Member with legal documentation in Clearing House standard form for that SwapClear Clearing Member to sign. No trade reference will be amended unless such documentation is completed and signed. The documentation must be signed by a person within the SCM with appropriate signing authority. Evidence of such authority may be required by the Clearing House. No amendment to such documentation will be accepted by the Clearing House.~~

~~1.19.4 Notification~~

~~Subject to the requesting SwapClear Clearing Member meeting all the Clearing House's requirements (including completion and submission of all documentation and such other additional requirements as the Clearing House may be set by the Clearing House in its discretion), the Clearing House will notify the SwapClear Clearing Member of its agreement to the amendment of its records of the SwapClear Clearing Member's trade reference in respect of the trades identified in the Trade Reference Amendment Request Form, and advise of the anticipated date of amendment (the "**anticipated date of amendment**").~~

1.20 Custodial Segregated Accounts

A Custodial Segregated Account allows a Custodial Segregated Client to provide Collateral directly to the Clearing House to meet certain obligations of the relevant SwapClear Clearing Member, in respect of such Custodial Segregated Account, in accordance with the terms of the relevant Collateral Management Agreement and Client Charge.

A SwapClear Clearing Member may request that the Clearing House opens a Custodial Segregated Account in respect of a Clearing Client and must execute, and procure that the Clearing Client executes, such documentation as the Clearing House specifies.

- (b) Certain template versions of client clearing documentation are made available on the Clearing House's website.

1.23 **Withholding Taxes Tax Documents – Non-cash Collateral**

Please note that where SCMs are not beneficially entitled to securities that they transfer to the Clearing House as non-cash Collateral, the Clearing House may require certain tax documents from the relevant beneficial owner of such securities (see Section 4 (*Margin and Collateral*) of the Procedures).

1.24 **Early Termination Events**

SwapClear Clearing Members using MarkitWire, Tradeweb and Bloomberg may, if they so wish, use the Early Termination Provision FpML block to include details of any terms relating to optional early termination agreed between the parties to that SwapClear Transaction.

The Clearing House has agreed, in order to assist SwapClear Clearing Members, that SwapClear Clearing Members may use these fields for their own administrative convenience as a record of a term of the underlying SwapClear Transaction between them, but any data populating these fields will not under any circumstances constitute any part of or any term of the SwapClear Contracts which arise between the Clearing House and the SCMs in whose name such trades are registered. SCMs have no right to elect early termination of any SwapClear Contract. The full terms of any such SwapClear Contract are as set out in the Product Specific Contract Terms and Eligibility Criteria Manual.

The Clearing House does not store or record any data populating these fields or blocks or any other fields or blocks in the trade confirmation message which are ignored by the SwapClear system (see information documents provided by SwapClear entitled: "The FpML Validation Rules for SwapClear").

1.25 **Termination of SwapClear Dealer Status**

The SwapClear Dealer Agreement sets out how that relationship may be terminated.

In particular, a SwapClear Dealer may terminate the agreement by giving no less than twenty one (21) days' written notice in the same terms to the SCM and to the Clearing House. Before the expiry of such twenty one (21) days (the "**Termination Date**"), the Clearing House will notify all SwapClear Clearing Members and SwapClear Dealers that the relevant SD is no longer able, from such Termination Date to submit SwapClear Transactions for registration. It may only resume registration of SwapClear Transactions if it enters into another SwapClear Dealer Clearing Agreement and resumes its place in the Register of SwapClear Dealers. The Clearing House may give such notification by letter, email, fax, internet or telephone.

An SCM may terminate the agreement, *inter alia*, at any time by giving written notice to the SD and to the Clearing House in accordance with the provisions of the agreement. Following receipt of that notice, the Clearing House will confirm receipt to the SCM and SD and such termination will become effective 3 hours after the Clearing House's confirmation has been sent out. Confirmation may be given by the

SwapClear Clearing Member for operational, technological or other similar reasons and as a result of which a bid does not reach the Clearing House, the Clearing House will be unable to accept a bid and shall not be liable for any failure to accept such bid.

1.28.3 *Affiliate Bidding*

SwapClear Clearing Members are entitled to bid for an Auction Portfolio on behalf of an affiliated SwapClear Clearing Member or affiliated FCM Clearing Member. Where a SwapClear Clearing Member makes a bid and that SwapClear Clearing Member has an affiliated SwapClear Clearing Member or FCM Clearing Member that does not make a bid, the Clearing House shall not (unless instructed otherwise in accordance with the paragraph below) assume that the bidding SwapClear Clearing Member has made the relevant bid on behalf of a non-bidding, affiliated SwapClear Clearing Member or affiliated FCM Clearing Member.

A SwapClear Clearing Member may notify the Clearing House, in advance of an Auction, that it wishes to bid on behalf of an affiliated SwapClear Clearing Member or affiliated FCM Clearing Member. Where it wishes to do so, the SwapClear Clearing Member should contact the Clearing House's Client Services Team (membership@lch.com/ratesclientservices@lch.com; +44 (0)207 426 7949).

1.28.4 *Backup Clearing Members*

A SwapClear Clearing Client may appoint a Backup Clearing Member for the purposes of the porting of the SwapClear Contracts entered into by a SwapClear Clearing Member on its behalf, in accordance with the Client Clearing Annex.

Where, following the Default of a SwapClear Clearing Member, the Clearing House is notified of the existence of such a Backup Clearing Member in respect of a SwapClear Clearing Client, the Clearing House is entitled, in accordance with the Client Clearing Annex, to immediately and without notice to any person, send details of the Relevant Contracts and Account Balances to that appointed Backup Clearing Member. The Clearing House shall not require consent from any person in advance of sending these details.

Note: The appointment by a SwapClear Clearing Client of a Backup Clearing Member and the notification of a Backup Clearing Member to the Clearing House does not mean that SwapClear Contracts will always be transferred to that Backup Clearing Member. Porting of SwapClear Contracts, following a SwapClear Clearing Member's Default is always subject to the Clearing House's receipt of consent from the relevant Backup Clearing Member.

1.28.5 *Default Fund: SwapClear Contributions*

SwapClear Contributions (as defined in the Default Rules) will be called via PPS on the fourth working day of each month or more frequently pursuant to a

of this paragraph (E), (1) “**unit value**” means, in respect of Rates Service Contract, the value applied by the Clearing House to each Rates Service Contract, based on its net present value and outstanding notional value, and (2) “**auction value adjustment**” means, in respect of a Rates Service Contract, a ratio applied by the Clearing House to such Contract based on the aggregate liquidation costs incurred in liquidating the Hedged Account and the aggregate notional value of all Rates Service Contracts in the Hedged Account. The allocations described in this paragraph (E) are without reference to any Account Class Risk Factor or Existing Non-Porting Clients Combined Account Class Risk Factor.

Settlement Following Liquidation of Hedged Account. Following the liquidation of a Hedged Account, the Clearing House shall allocate the appropriate gains and losses (as determined in accordance with the above provisions) to each relevant Client Account or (where applicable) Indirect Gross Sub-Account.

1.28.10 *Rates Service Default Management Disclosure Notice*

Each SCM must ensure that each Clearing Client is provided with, or is directed to a copy of, the Rates Service Default Management Disclosure Notice and further must provide confirmation to the Clearing House, in the form and manner reasonably required by the Clearing House, that it has discharged this obligation in respect of each of its Clearing Clients.

1.28.11 Contact Information

Each SCM is required to provide the Clearing House with contact details for those persons that the Clearing House should contact in the event of an SCM Default. SCMs are required to ensure that contact details remain up to date and to notify the Clearing House of any changes in such details.

1.29 **Provision of Tax Forms; Withholding Taxes; Sales Tax**

1.29.1 Tax Forms

The Clearing House and each SwapClear Clearing Member shall provide to the other party (i) any form or document specified in the given SwapClear Contract and (ii) any form, document, statement or certification (including, in the case of the Clearing House, an Internal Revenue Service Form W-8BEN) reasonably requested in writing, in each case to permit the Clearing House or SwapClear Clearing Member, as applicable, to make any payment under the Clearing House’s rules or any SwapClear Contract without withholding for any tax, levy or charge. The foregoing requirement shall not apply in the event the Clearing House or SwapClear Clearing Member is not permitted to deliver such form, document, statement or certification under Applicable Law (including any double-tax treaty).

1.29.2 Withholding Taxes

In the event a SwapClear Clearing Member is required under Applicable Law to withhold an amount in respect of any tax, levy or charge from any payment made to the Clearing House, (i) such payment shall be increased such that the Clearing House receives an amount equal to that it would have received had such withholding not been required under Applicable Law and (ii) the SwapClear Clearing Member shall provide the Clearing House the relevant tax certificates (or similar form) confirming the payment of such withholding amount.

The Clearing House shall provide reasonable cooperation to the given SwapClear Clearing Member to ensure that payments made to the Clearing House may be made without deduction or withholding in respect of any tax, levy or charge.

1.29.3 Sales Tax; Value Added Tax

All fees and other payments payable under the Clearing House's rules are exclusive of sales tax, purchase or turnover tax, levies, duties and their equivalent in each jurisdiction, which, if applicable, shall be payable by SwapClear Clearing Members at the applicable rate in force at the given time.

~~The Clearing House and each SwapClear Clearing Member shall provide to each SwapClear Clearing Member or the Clearing House, as relevant, (i) any forms or documents specified in the SwapClear Contract between the Clearing House and the SwapClear Clearing Member and (ii) any other form, document, statement or certification reasonably requested in writing by the SwapClear Clearing Member or the Clearing House in order to allow the SwapClear Clearing Member or the Clearing House to make a payment under the Clearing House rules or any SwapClear Contract without deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate unless the Clearing House or the SwapClear Clearing Member can no longer deliver such form, document, statement or certification solely as a result of a change in law (including double tax treaty) or interpretation thereof after the date of the SwapClear Contract between the Clearing House and the SwapClear Clearing Member. In the case of the Clearing House, the forms required pursuant to item (ii) above include an Internal Revenue Service Form W-8BEN. Additionally, the Clearing House will take such further actions as necessary to ensure that payments made to it can be made without deduction or withholding for or on account of any Tax.~~

1.30 **Approved Compression Services Providers**

Applicants for Approved Compression Services Provider status should contact swapeclearclientservices@lch.com or ratesclientservices@lch.com. Approved Compression Services Providers will be required to meet the requirements of the Clearing House from time to time, including the provision of relevant information, execution of documents, and proof of operational capabilities. A list of Approved Compression Services Providers currently approved by the Clearing House is available on the Clearing House's website. Where the Clearing House approves additional Approved Compression Services Providers, it will notify Clearing Members via member circular.

Notwithstanding the designation by the Clearing House of any applicant as an Approved Compression Services Provider, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Compression Services Provider. Such matters form part of the relationship between the Clearing Members and that Approved Compression Services Provider.

1.31 Provision of Market Data

1.31.1 Provision of Market Data

The provisions of this Section ~~1.31.1-28~~ should be read separately in respect of each Index.

Inflation Clearing Groups who exceed the Reporting Threshold Amount applicable to an Index are required to submit Market Data to the Clearing House in accordance with Regulation 60A and the provisions of this Section ~~1.31.1-28~~.

At intervals during each Inflation Swap Business Day in respect of an Index, the Clearing House will take snaps of Market Data that it receives from Inflation Clearing Groups in respect of that Index. An Inflation Clearing Group may update its Market Data outside of an Inflation Swap Business Day for a particular Index. The timings for the close of business data snaps shall be published in the Inflation Swaps Operational Specifications.

If either the Clearing House or an Inflation Clearing Group believes that, for whatever reason, the data provided by the Inflation Clearing Group on a particular date is not representative of market prices, including due to ~~for reasons such as~~ technical issues, software failure or other data corruption issues (any such data, being “**Corrupted Data**”), that party shall notify the other party as soon as reasonably practicable. Following a notification pursuant to this paragraph, the relevant Inflation Clearing Group shall promptly take such action as the Clearing House may reasonably require (after consulting with the Group Member of that Inflation Clearing Group who provided the relevant Market Data) to remedy the relevant data corruption issue(s). In no circumstances will Corrupted Data constitute Market Data for the purposes of Regulation 60A(f)(i). In the event that the provision of Corrupted Data is caused by the Inflation Clearing Group and the Inflation Clearing Group fails to resubmit corrected Market Data before the Clearing House calculates the SwapClear End of Day Price, the Clearing House will treat the provision of Corrupted Data as a failure to submit Market Data in respect of the relevant day for the purposes of Section ~~1.31.21-28.2~~ below and, based on the circumstances surrounding the provision of Corrupted Data and in its sole discretion, may deliver to the relevant Nominated Group Member of the Inflation Clearing Group a Market Deviation Notice. Notwithstanding the foregoing and with respect to an Index, the Clearing House will always issue a Market Deviation Notice to an Inflation Clearing Group pursuant to this paragraph on the third consecutive Inflation Swap Business Day where the Inflation Clearing Group delivers Corrupted Data.

With respect to an Index, if an Inflation Clearing Group is unable to provide Market Data on a particular date, including due to ~~for reasons such as~~ technical issues, software failure or other data corruption ~~issues~~ (such failure, ~~constituting~~ a “**Data Disruption Event**”), then a Group Member of that Inflation Clearing Group shall notify the Clearing House as soon as reasonably practicable. Following a notification pursuant to this paragraph, the relevant Inflation Clearing Group shall promptly take such action as the Clearing House may reasonably require (after consulting with the Group Member of that Inflation Clearing Group who failed to provide the relevant Market Data) to remedy the relevant technical or data corruption issue(s). Based on the circumstances surrounding the Data Disruption Event and in its sole discretion, the Clearing House may deliver to the relevant Nominated Group Member of the Inflation Group a Non-performance Notice. Notwithstanding the foregoing and with respect to an Index, the Clearing House will always issue a Non-performance Notice to an Inflation Clearing Group pursuant to this paragraph on the third consecutive Inflation Swap Business Day where the Inflation Clearing Group suffers a Data Disruption Event.

If the Clearing House receives data from an Inflation Clearing Group that it considers does not constitute a reasonable estimate of the current market price for the relevant tenor and Index (whether such data is treated as Market Data or Corrupted Data), it shall be entitled to ignore the submission of that data in making its calculation of the Derived Data.

The Clearing House may use the Market Data that it receives as provided for in Regulation 60A(h).

- 1.31.2 If at any time at which it is due to calculate the Derived Data, the Clearing House considers that it has failed to receive good data (as defined below) in respect of an particular Index from such number of Inflation Clearing Groups as the Clearing House may consider sufficient to allow it to produce Derived Data that is fair and representative of the pricing level of the relevant Index, the Clearing House may as an alternative (a) use a set of previously produced Derived Data that the Clearing House considers to be the most suitable substitute, and/or (b) obtain substitute market data from one or more alternative sources, including but not limited to, brokers and third party data vendors (any data derived from a source described in (a) or (b) of this paragraph being “**Alternative Data**”), provided, however, that Clearing House must use Alternative Data if it considers that it has failed to receive good data in respect of an Index from at least 4 Inflation Clearing Groups. The Clearing House will not impose any obligation for an Inflation Clearing Group to enter into a Crossing Transaction where less than 4 Inflation Clearing Groups have provided good data. For the purpose of this paragraph, “good data” means Market Data received from an Inflation Clearing Group which in the Clearing House's view, constitutes a reasonable estimate of the current market price for the relevant tenor and Index.
- 1.31.3 For each day on which the Clearing House produces Derived Data, it will provide to at least one Group Member of each Inflation Clearing Group that submitted Market Data, a report showing the Market Data that the relevant Inflation Clearing Group provided, together with any curves produced from

the relevant Derived Data. The Clearing House will provide such reports on the Inflation Swap Business Day following the date when the relevant Derived Data was prepared. In addition, the Clearing House shall make available Derived Data to at least one Group Member of each Inflation Clearing Group that submitted Market Data on a same-day basis, including by way of end-of-day reporting. A Group Member that receives Derived Data is entitled to share the Derived Data within its Inflation Clearing Group, provided that the recipients of the Derived Data within the Inflation Clearing Group use the Derived Data in accordance with the terms of the Rulebook.

1.31.4 *Inflation Swap Crossing*

In order to ensure the quality of the Market Data it receives, Regulations 60A(l) and 60A(m) enables the Clearing House to impose a mandatory Crossing Transaction upon Inflation Clearing Groups in certain circumstances. In respect of an Index, an Inflation Clearing Group shall not be required to enter into more than one Crossing Transaction in any calendar month.

The Market Data required to be submitted by the relevant Inflation Clearing Groups comprises a mid-price quote for each relevant Index and tenor combination. A list of eligible Indices and tenors is published in the Inflation Swaps Operational Specifications. At the close of each Inflation Swap Business Day in respect of an Index, the Clearing House will use all relevant Market Data (and/or Alternative Data as the case may be) to produce the SwapClear End of Day Price in respect of an Index.

In respect of an Index, where the Group Members of an Inflation Clearing Group receive in aggregate 4 or more Market Deviation Notices in a calendar month the Clearing House will require its Designated Group Member (the "**Off-Market Provider**"), by delivering of a notice to that Designated Group Member (the "**Crossing Transaction Notice**"), to enter into a Crossing Transaction at the price of the Key Tenor Market Data in the relevant Index in respect of which the fourth Market Deviation Notice was delivered, and on the terms set out below.

In respect of an Index, where the Group Members of an Inflation Clearing Group receive in aggregate 2 or more Non-performance Notices in a calendar month the Clearing House will require its Designated Group Member (the "**Non-Performer**"), to enter into a Crossing Transaction in the relevant Index in respect of which the second Non-performance Notice was delivered on the terms set out below.

An Inflation Clearing Group will be notified of the obligation to enter into a Crossing Transaction (through its Designated Group Member) in advance of the following Inflation Swap Business Day.

The Clearing House shall deliver to the Nominated Group Member, on behalf of an ~~the~~ Inflation Clearing Group any Market Deviation Notice or Non-performance Notice in advance of the following Inflation Swap Business Day.

Appendix VI

SwapClear Product Specific Contracts Terms and Eligibility Criteria Manual



**PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL**

PART B
PRODUCT ELIGIBILITY CRITERIA FOR REGISTRATION OF A SWAPCLEAR CONTRACT

1. SwapClear Transaction

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a SwapClear Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the eligibility criteria, set out in paragraphs 1.2(a), ~~(b)(b)~~ ~~or (c)~~ or (d) below for a SwapClear Transaction; and
- (b) each party to the transaction is either a SwapClear Dealer or a SwapClear Clearing Member (including an SCM Branch),

and the requirements of (a) and (b) continue to be satisfied at Registration Time.

1.2 SwapClear Product Eligibility Criteria for a SwapClear Transaction

- (a) Vanilla interest rate swaps and notional interest rate swaps having the characteristics set out in the table below:

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Variable Notional</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
Interest rate swap	GBP	Fixed	GBP-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis Swap	GBP	GBP-LIBOR-BBA	GBP-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis swap	GBP	GBP-SONIA-COMPOUND	GBP-LIBOR-BBA	No	18,675 days	0.01-99,999,999,999.99
OIS	GBP	Fixed	GBP-SONIA-COMPOUND	No	18,675 days	0.01-99,999,999,999.99
Interest rate swap	USD	Fixed	USD-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis swap	USD	USD-LIBOR-BBA	USD-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis swap	USD	USD-FEDERAL FUNDS-H.15	USD-LIBOR-BBA	No	11,375 days	0.01-99,999,999,999.99
OIS	USD	Fixed	USD-Federal Funds H.15-OIS-COMPOUND	No	11,375 days	0.01-99,999,999,999.99
Interest rate swap	EUR	Fixed	EUR-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Interest rate swap	EUR	Fixed	EUR-EURIBOR-Telerate	Yes	18,675 days	0.01-99,999,999,999.99
Interest rate swap	EUR	Fixed	EUR-EURIBOR-Reuters	Yes	18,675 days	0.01-99,999,999,999.99

<u>Day Count Fraction</u>	<u>MarkitWire/ FpML Code</u>	<u>Currency</u>
		SEK, CZK, HUF
<u>Fraction</u>		<u>SWIFT Code</u>
Actual/365, Actual/Actual (See Article 4.16(b) for definition)		ACT/365
Actual/365 (Fixed) (See Article 4.16(c) for definition)		AFI/365
Actual/360 (See Article 4.16(d) for definition)		ACT/360
30/360,360/360, Bond Basis (See Article 4.16(e) for definition)		360/360
30E/360 (See Article 4.16(f) for definition)		30E/360

2.1.2 Business Day Conventions

The Business Day Convention specified in the Economic Terms must be one of the following:

Following (see Article 4.12(i) of the ISDA 2000 Definitions and Article 4.12 (i) of the ISDA 2006 Definitions for definition)

Modified Following (see Article 4.12(ii) of the ISDA 2000 Definitions and Article 4.12(ii) of the ISDA 2006 Definitions for definition)

Preceding (see Article 4.12(iii) of the ISDA 2000 Definitions and Article 4.12(iii) of the ISDA 2006 Definitions for definition)

For inflation swaps and vanilla interest rate swaps with constant notional principal SwapClear does not support trades where a different business day convention is used for:

fixed period end dates and the termination date

float period end dates and the termination date

2.1.3 ~~Minimum and Maximum~~ Residual Term of the Trade (Termination date – Today)

Trades in respect of vanilla interest rate swaps with constant notional principal and variable notional swaps are subject to a minimum-~~and maximum~~ Residual Term on the day they are received by SwapClear.

Minimum Residual Term of trade:

Termination date - Today \geq 1 + currency settlement lag

where currency settlement lag is:

1 day for EUR, USD, GBP and CAD denominated trades

2 days for JPY, CHF, AUD, DKK, HKD, NZD, SEK, NOK, PLN, ZAR, SAD, HUF, CZK & MXN denominated trades

~~Maximum Residual Term of trade:~~

~~Termination date — Today \leq 3,670 days for HKD, ZAR, SGD, HUF & CZK (10 years)~~

~~Termination date — Today \leq 3,850 days for MXN (10.5 years)~~

~~Termination date — Today \leq 5,495 days for NZD~~

~~Termination date — Today \leq 5,700 days for NOK & PLN~~

~~Termination date — Today \leq 10,970 days for AUD, CAD, CHF & SEK (30 years)~~

~~Termination date — Today \leq 11,375 days for DKK~~

~~Termination date — Today \leq 14,620 days for JPY (40 years)~~

~~Termination date — Today \leq 18,275 days for GBP, EUR & USD (50 years)~~

~~Maximum Residual Term to Maturity for Forward Rate Agreements~~

~~The maximum residual term to maturity for forward rate agreements is as follows:~~

Currency	Maximum Residual Term to Maturity
EUR, JPY, USD, GBP	1105 days (3 years)
CHF, DKK, NOK, PLN, SEK, CZK, HUF	740 days (2 years)

The Clearing House will accept inflation swaps for registration: (a) in the case of uninterpolated indices, up to the end of the month prior to the final Reference Month; and (b) in the case of interpolated indices, up to the end of the final Reference Month.

2.1.4 *Designated Maturity*

The Designated Maturity must be no less than one month and no more than twelve months. The Clearing House will, excepting stub periods, only accept a Designated Maturity that is a whole calendar month.

2.1.5 *Calculation Periods*

(See Article 4.13 of the ISDA 2000 Definitions and Article 4.13 of the ISDA 2006 Definitions for definition.)

For vanilla interest rate swaps with constant notional principal and variable notional swaps the Clearing House will only accept non standard Calculation Periods ("**stub periods**") at either the start or end of the contract. Transactions with stub periods at both the start and end of the transaction will not be eligible as SwapClear Transactions.

Appendix VII

FCM Product Specific Contracts Terms and Eligibility Criteria Manual



FCM PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL

30E/360	30E/360
(See Article 4.16(f) for definition)	

(b) **Business Day Conventions**

The Business Day Convention specified in the Economic Terms must be one of the following:

- Following (see Article 4.12 (i) of the ISDA 2000 Definitions and Article 4.12 (i) of the ISDA 2006 Definitions for definition)
- Modified Following (see Article 4.12 (ii) of the ISDA 2000 Definitions and Article 4.12(ii) of the ISDA 2006 Definitions for definition)
- Preceding (see Article 4.12 (iii) of the ISDA 2000 Definitions and Article 4.12 (iii) of the ISDA 2006 Definitions for definition)

For inflation swaps and vanilla interest rate swaps with constant notional principal SwapClear does not support trades where a different business day convention is used for:

- (i) fixed period end dates and the termination date
- (ii) float period end dates and the termination date

(c) **Minimum ~~and Maximum~~ Residual Term of the Trade (Termination date – Today)**

Trades in respect of vanilla interest rate swaps with constant notional principal and variable notional swaps are subject to a minimum ~~and maximum~~ Residual Term on the day they are received by SwapClear.

- (i) Minimum Residual Term of trade:

Termination date - Today \geq 1 + currency settlement lag

where currency settlement lag is:

- 1 day for EUR, USD, GBP, CAD and MXN denominated trades
- 2 days for JPY, CHF, AUD, DKK, HKD, NZD, SEK, NOK, PLN, ZAR, SAD, HUF & CZK denominated trades

~~(ii) Maximum Residual Term of trade:~~

~~Termination date – Today \leq 3,850 days for CZK, HKD, HUF, SGD, ZAR & MXN (10.5 years)~~

~~Termination date – Today \leq 5,700 days for NOK, NZD & PLN (15.5 years)~~

~~Termination date – Today \leq 11,375 days for AUD, CAD, DKK, CHF & SEK (31 years)~~

~~Termination date Today \leq 15,025 days for JPY (41 years)~~

~~Termination date Today \leq 18,675 days for GBP, EUR & USD (51 years)~~

~~(iii) Maximum Residual Term to Maturity for Forward Rate Agreements~~

~~The maximum residual term to maturity for forward rate agreements is as follows:~~

Currency	Maximum Residual Term to Maturity
EUR, JPY, USD, GBP, CHF, DKK, NOK, PLN, SEK, CZK & HUF	1,225 days (3.3 years)

The Clearing House will accept FCM SwapClear Transactions that are inflation swaps for registration: (a) in the case of uninterpolated indices, up to the end of the month prior to the final Reference Month; and (b) in the case of interpolated indices, up to the end of the final Reference Month.

(d) ***Designated Maturity***

The Designated Maturity must be no less than one month and no more than twelve months. The Clearing House will, excepting stub periods, only accept a Designated Maturity that is a whole calendar month.

(e) ***Calculation Periods***

(See Article 4.13 of the ISDA 2000 Definitions and Article 4.13 of the ISDA 2006 Definitions for definition.)

The Clearing House will only accept non-standard Calculation Periods ("**stub periods**") at the start and/or the end of a contract.

For variable notional swaps the stub rate should be detailed either as a percentage (i.e., 5.5%), an interpolation (i.e., 1 month / 3 months) or as a designated maturity (i.e., 1 month). Stub Rates within the Final Stub are calculated via interpolation or as a designated maturity.

For interpolated coupons, payment dates must fall between the rolled dates, according to the Modified Following business day convention, of the specified designated maturities. Where this does not occur and extrapolation would be required, SwapClear will reject the trade.

The minimum stub period of a variable notional swap accepted by SwapClear is 1 + Currency Settlement Lag. The minimum stub rate tenor must be \geq 1 week for IRS and basis swap and \geq 1 month for zero coupon swaps.

SwapClear also calculates floating periods subject to 'IMM' settlement dates as per ISDA definitions.

(f) ***Up-Front Fees – Eligibility of FCM SwapClear Transactions***